

# Albanian Foreign Trade Report

2005

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Dear reader,

It is my special pleasure to present the ACIT's Foreign Trade Report 2005. Bringing to your hands of this annual edition, which we believe is a useful source of information not only for trade practitioners, but also for government authorities and agencies, public servants, scholars, BSO's, media and the public at large, has already become a good tradition.

Advanced expertise and the experience gained during three years of our life, along with the intensified agenda of the trade liberalization and integration processes, enabled us to bring an improved publication, compare to the previous editions, considering both, the extent of the coverage and the quality of the analysis.

Besides being a valuable source of information about the flows and dynamics of the Albanian Foreign Trade, the present Report is a serious effort for exploring the trends, identifying problems and assessing the factors behind them.

To a large extend the assessment has been placed in a regional and global context, and in close relationship with the current international trade and economic agendas. Particular attention has been dedicated to the interrelation between the Albanian trade developments with the progress made in implementing the WTO - Doha commitment, the implementation of the full set of eight bilateral FTA-s with the SEE neighboring countries and the developments in the regional market, and the features and projected impact of the SAA with the European Union just initialed on February 18th 2006

The trade volume grew by 12% in 2005 and the trade openness stepped up to 38.6%. On the whole Albanian has been very loyal to his international commitments, while much remains to be done regarding the domestic reforms and improvement of the business climate and competitiveness.

However, the moderate rates of export growth (9% compare to 35% the previous year), trade deficit (attaining 23% of the GDP from 21% in 2004) and the trade openness (38.6% still far below the regional average), give reasons for concerns. In particular the low rate of the exports to GDP (7.8% only) and the weak coverage of the imports by exports (25.3% -or about one point percentage compare to 2004) need to have the special attention of the government and all domestic players.

This report is result of a professional work, performed throughout the year, by the ACIT team and consultants. Inputs from ministries and governmental agencies, private sector, NGO-s and academics, donors and partner projects, have significantly contributed to the Report's contents and quality. On behalf of ACIT staff, I would like to express my gratitude to all of them, especially to the General Directorate of Customs, the Ministry of Economy, Trade and Energy, the Ministry of European Integration, the Ministry of Agriculture, Food and Consumer Protection, the private business associations operating in Albania, the Bank of Albania, etc., for their contribution.

Special thanks go to the Mission of the USAID in Tirana, and to the ISB, without whose guidance and support this publication would not have been possible.

The Foreign Trade Annual Report 2005 is being published both in Albanian and English language. It may be found as a printed brochure or in electronic format on main ACIT's web page ([www.acit-al.org](http://www.acit-al.org))

As the further improvement of this product remains a constant concern for us, your remarks and suggestions will be highly appreciated.

*Sincerely yours,*

**Dr. Selim Belortaja**

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## LIST OF ABBREVIATIONS

<b>AMS</b>	Aggregate Measure of Support
<b>ACIT</b>	Albanian Centre for International Trade
<b>BCI</b>	Business Competitiveness Index
<b>B&amp;H</b>	Bosnia and Herzegovina
<b>CIS</b>	Commonwealth of Independent States
<b>DCM</b>	Decree of Council of Ministers
<b>EU</b>	European Union
<b>FTA</b>	Free Trade Agreements
<b>GDP</b>	Gross domestic product
<b>GTAP</b>	Global Trade Analysis Project
<b>HS</b>	Harmonized System
<b>IDA</b>	International Development Assistance
<b>ISB</b>	Institute of Contemporary Studies
<b>ITC</b>	International Trade Center
<b>MFN</b>	Most Favoured -Nation
<b>NAMA</b>	Non-Agriculture Market Access
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OPEC</b>	Organisation of the Petroleum Exporting Countries
<b>SEE</b>	South Eastern Europe
<b>SME</b>	Small and Medium Enterprises
<b>SPS</b>	Sanitary and Phytosanitary measures
<b>RoW</b>	Rest of the World
<b>TBT</b>	Technical Barriers to Trade
<b>UN</b>	United Nations
<b>UNMIK</b>	United Nations Mission in Kosovo
<b>USA</b>	United States of America
<b>US\$</b>	United States' Dollar
<b>WTO</b>	World Trade Organisation

# 1. World Trade Developments

## 1.1 General Developments

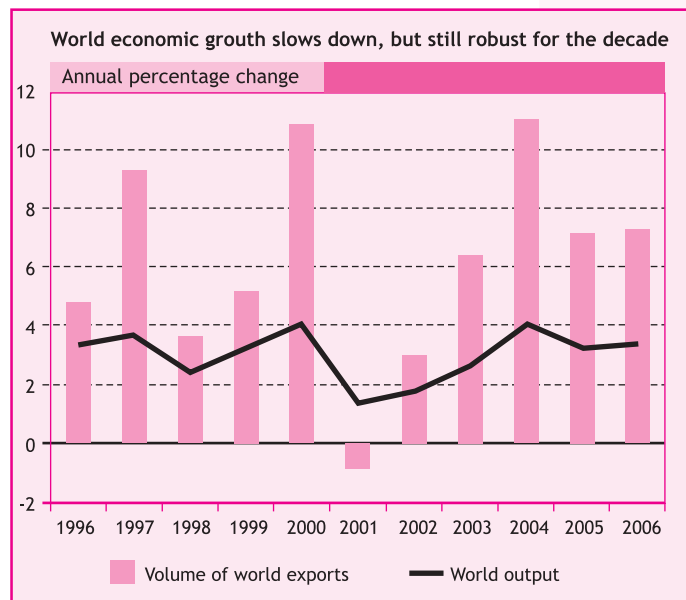
Global trade continued to flourish in 2005, experiencing an estimated volume growth of 6.5%. This is considered a slight drop in pace of growth in comparison with the 9% corresponding to 2004 (Figure 1.1).

A sharp increase of oil prices during 2005 contributed to the deceleration of growth as part of the long-term reflection on business and consumer expenditures. Trade recovered in the second quarter to stagnate again in the third for the OECD countries while US exports expanded faster than the imports despite the light overall deceleration, giving signals of stronger economic activity than in Europe and Japan. Decrease in the volume of trade during 2005 has been observed also in the South America and East Asian countries, with the exception of China, whose growth is expected to match the figures of 2004.

As the data for 2005 is not completely available we will take in consideration and analyze the information corresponding to 2004 in order to achieve a comprehensive approach to recent world trade developments.

Global trade and output in 2004 manifested a dynamic growth that exceeded its values in the period 1995-2003. Strong economic growth and rapid trade expansion were present in all regions in 2004. The expansion of merchandise trade by 9% continued to exceed merchandise output growth 4% by a large margin. The excess of trade over output growth was again particularly large for manufactures. This fact becomes more evident from the Table 1.1, Figure 1.2 and Figure 1.3.

**Figure 1.1:** World output and exports (2006 forecast)



Source - UN: 'World Economy Situation and Prospects', 2006

**Table 1.1:** Growth of export volumes of goods and production for the main categories of products, 2000-04; annual percentage of change

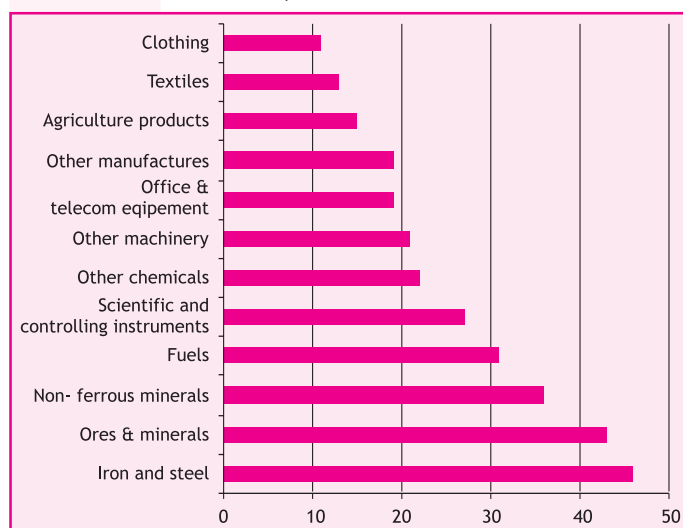
	2000-04	2002	2003	2004
Exports of goods				
Agricultural products	3.0	3.5	3.5	3.5
Mineral Products	2.5	1.0	4.5	5.5
Processed goods	4.5	4.0	5.0	10.0
World production of goods	2.0	2.5	3.5	4.0
Agriculture	2.0	1.5	2.5	3.0
Minerals	2.0	0.0	3.5	4.0
Processed goods	2.0	3.0	3.5	4.0
Global GDP	2.0	1.5	2.5	3.5

Source: World Trade Organization: Trade Statistics 2005<sup>1</sup>.

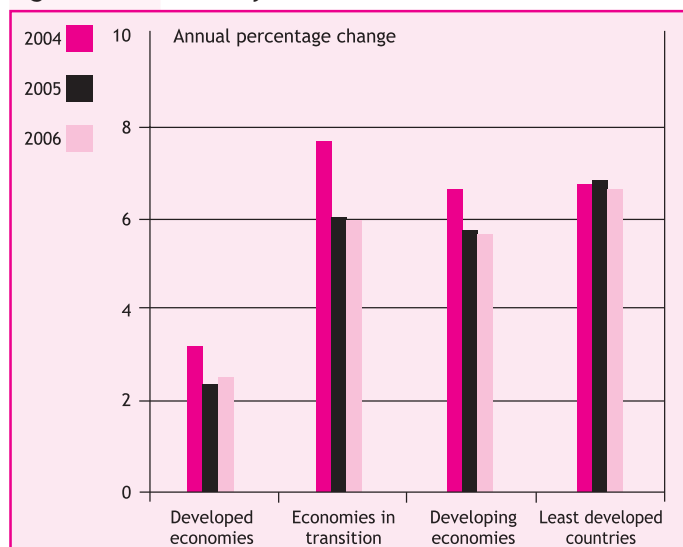
<sup>1</sup> [http://www.wto.org/english/res\\_e/statis\\_e/its2005\\_e/its05\\_toc\\_e.htm](http://www.wto.org/english/res_e/statis_e/its2005_e/its05_toc_e.htm)

**Figure 1.2:** Volume growth of world trade and production by sector 2004.

Source: World Trade Organization: Trade Statistics 2005.

**Figure 1.3:** Annual percentage of change for exports of some of the main commodities, 2004

Source: World Trade Organization: Trade Statistics 2005.

**Figure 1.4:** Growth by economies

A more detailed analysis on the developments of the structure of the exports (Table 1.2 and Figure 1.4) gives a more comprehensive view of the export performances and the top categories with the most dynamic growth<sup>2</sup>.

Even though manufactured goods account for the highest share of world exports, the minerals account for the most dynamic categories within exports with a rate of growth that doubles the average rate of exports in general f. e. in the case of iron and steel products (growth rate approx. 45%). Low growth rates in a categories level were registered in the textiles and gourmets industry as well as agriculture.

From a geographic point of view world trade registered expansion in all regions and was mainly stimulated from the increase of imports in both Americas North and South, Asia with major components China and Japan, and CIS countries. The table below offers a more detailed view of the annual changes for 2004. In 2005 China is expected to maintain the same rhythm of growth while other countries in East Asia and South America are expected to decelerate their growth pace.

Overall, developing countries and transition economies have shown faster growth than developed countries.

**Table 1.2:** World trade of goods by regions, 2004; annual % of change

Countries	Imports	Exports
South and Central America	27	28
North America	16	14
Middle East	23	26
Asia	25	27
Western Europe	20	19
Africa	25	31
CIS	31	35

Source: World Trade Organization: Trade Statistics 2005.

<sup>2</sup> The data in this part of analysis have been provided in terms of US dollars and not in real terms. For instance, in the case of trade of commodities, the WTO report estimates that almost two thirds of differences in the volume of international exchanges are due to fluctuations of the dollar price.

## 1.2 Oil prices developments

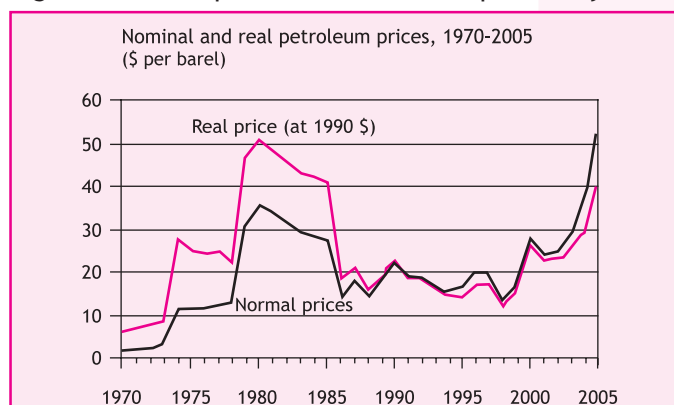
Oil prices continued to increase along 2005, reaching the peak of 70.85 US\$/barrel on the 29-th of August, which price is estimated to be 25 US\$ below the record price of 1980 (considering inflation).

Figure 1.5 from the International Trade Statistics Report of WTO (2006) shows that the oil price in real terms is slightly below the nominal price, a tendency being observed in the last decade leading to the conclusion that oil supply has grown with a lower pace than the demand in average terms.

Oil demand and supply in 2005 witnessed moderate growth 1,46% and 1,27% respectively, in comparison with the predictions and with the growth rate of 2004 (3.17% demand growth).

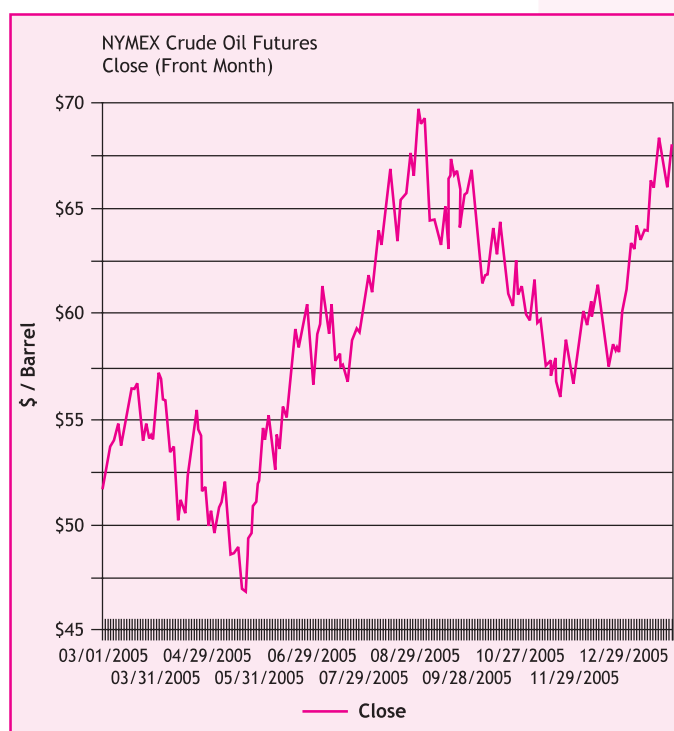
Global oil supply of 84,1 million barrels/day stands above the global oil demand of 83.7 million barrels/day. OPEC countries contribute for 40% of the global supply and have raised the production from 29.76 mb/day to 33.9 mb/day. The other non-OPEC countries account for 60% of the global oil supply.

**Figure 1.5: Real prices versus nominal prices in years**



Source: World Trade Organization: Trade Statistics 2005

**Figure 1.6: Oil prices during 2005**



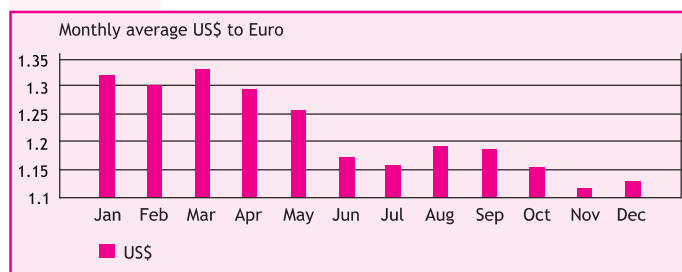
Source: WTRG Economics, 2006<sup>3</sup>.

<sup>3</sup> <http://www.wtrg.com/daily/crudeoilprice.html>

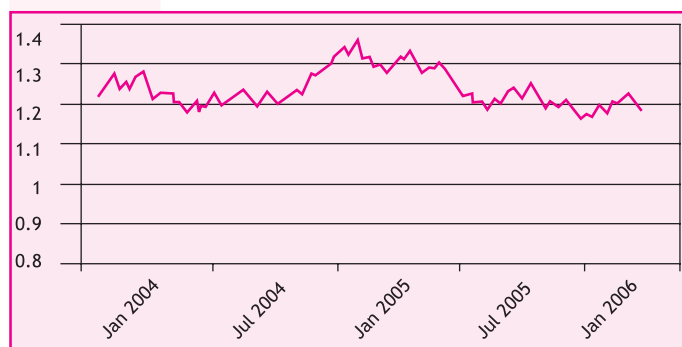
### 1.3 Currency developments

The depreciation of the American currency during 2004 was contested from its rise in the first half of 2005 whereas the US\$ reached its average values of 2004. In average terms the value of the dollar did not have any differences from the average exchange value with Euro in 2004 testifying the stagnation of depreciation for 2005. Its depreciation in relation to the Asiatic currencies was present along 2005 in moderate values according to the WTO Annual Report 2006. In 2005 Euro maintains its strong position versus American dollar despite the recuperation of the latter during 2005.

Figure 1.7 and 1.8: US\$ vs. Euro during 2005



Source: [www.x-rates.com/d/USD/EUR/hist2005.html](http://www.x-rates.com/d/USD/EUR/hist2005.html)



Source: European Central Bank, 2006<sup>4</sup>

According to the European Central Bank Euro maintained its position in relation with other currencies during 2005 despite slight depreciations and appreciations of the currency throughout the year.

<sup>4</sup> [www.ecb.int/stats/exchange/](http://www.ecb.int/stats/exchange/)

### 1.4 Developments in the global trade system

The year 2005 was characterized from progress in multilateral and bilateral trade negotiations between countries.

Some other highlights in this concern were the issues raised near WTO concerning non-tariff barriers like TBT and SPS showing a raised concern regarding this issues f. e. EU versus USA -hormone beef etc.

The willingness to participate in international trading systems or rules is shown also from the willingness of the countries to access and join the WTO community which expands each year, taking into consideration the fact that around 35 countries are negotiating the membership including countries from the region such as Montenegro, Serbia and Bosnia & Herzegovina. At the Hong Kong ministerial meeting, WTO membership reached 150 countries.

The developments achieved an important milestone at the end of 2005 when the Ministerial Conference took place in **Hong Kong**, China from 13 to 18 December. This meeting was expected to finalize the Doha Round, which expectations were only partially meet. At the Hong Kong conference many important and pending issues such as the domestic support and export subsidies for the agriculture goods, tariffs for NAMA (*non agriculture market access*), services etc., accompanying these decisions with implementation periods and deadlines were discussed.

The success of the negotiations relies on the progress of negotiations and on the fact that many pending issues were addressed and agreed on to be further elaborated in future meetings during 2006, even though the conglomerate of national expectations can not be fully meet since there lies a considerable interest conflict.

Agriculture negotiations were the core of negotiations and were concentrated on

1. Domestic support for agriculture goods is a feature of the developed countries such as USA, EU, Japan etc. The final statement reconfirmed the commitment towards



Article 13 of the Doha Round on agriculture and the construction of three bands for the implementation of reduction down to the final band AMS (agriculture measurement support) as well as the reduction of domestic support or all equivalent measures with trade distorting effects. The country with the highest level of support will be situated on the top band becoming object of drastic linear cuts of support while the two countries with the second and third largest level of (both AMS and domestic support) will be situated in the second band, becoming object of less drastic cuts of support. The other countries including developing countries are positioned in the third band with even less but some reduction. Countries with no AMS-s are expulsed from overall reductions.

2. Export subsidies and equivalent measures shall be eliminated until 2013 with a progressive method of achievement that implies major reductions during the first half of the implementation period.
3. As for market access, progress was made in a tariffs point of view not addressing so much the non-tariff barriers in the adoption of four bands for further tariff cuts.

### Cotton

On this issue the member countries agreed to treat cotton more intensively than other agriculture goods in the light of reductions related to trade distorting policies in all three aspects, domestic support, export subsidies and market access. In this spirit the decision to abolish all export subsidies till 2006, no quota and duty free access from the moment of the beginning of implementation period.

### NAMA Negotiations

These talks resulted in the adoption of a Swiss formula for the reduction of tariffs for non-agriculture goods, permitting a participatory role to the members in the sense that they can propose sectorial preferences for the tariff

reduction or elimination for the products of export interests to developing countries. The NAMA negotiation will be elaborated in the further meetings in 2006 and fragile economies will be taken in consideration by offering flexible way of reductions on this behalf.

Other issues addressed from the Hong Kong Ministerial Conference were services, technical cooperation, aid for trade, environment, etc. which should be further elaborated.

Some main and important bilateral agreements that were noticed during 2005 were the EU-China and USA-China agreements on textiles. These agreements focused an easier but yet controlled textiles market access for China regulated with either fewer quotas or controlled trade expansion and differed slightly on conditions and terms from one another. The agreement with EU was signed till 2007 while with US till 2008 prolonging the period of controlled market access for textiles in these countries.

### 1.5 Albania's commitment in the context of the WTO membership

The task of complying with commitments on further tariff liberalisation in the spirit of the WTO membership was taken in consideration from the Albania government during 2005. Many of the products tariffs were liberalised to meet commitments and in many cases also by exceeding them. This was contested from a group of products whose tariffs failed to go in line with the committed liberalisation.

After a declaration of failure to meet the obligations, a temporary suspension was allowed from the entitled body for the products of table 1.3. Further tariff reductions were achieved with the law "On changes in imports tariff", adopted by the Albanian parliament in December 2005 which entered in force on January 1<sup>st</sup> 2006.

**Table 1.3** Notification on the products requiring liberalization deadline postponement and tariffs applied in 2005 and 2006.

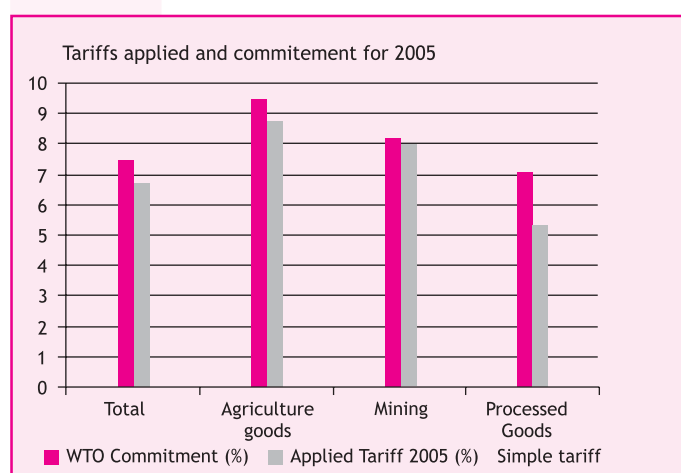
Product description	WTO bound rate (2005)	Tariff applied in 2005	Tariff applied in 2006
Malt beer	0	10	10
Perfumes and toilet waters	6.5	15	8
Candles	6.5	10	8
Tubes, pipes etc.	5	10	8
Plates, sheets, strip, etc	6.5	10	10
Wood	0	10	5
Wooden mosaics, etc	0	10	5
Uncoated paper and paperboard, etc	0	2	2
Wallpaper, etc	0	10	5
Paper and paperboard, etc	0	10	5
Wheels, spokes, etc	0	10	10
Paper, paperboard, cellulose wadding, etc	0	2	2
Other printed materials, etc	0	10	5

**Table 1.4** Other Tariff reductions of product groups not undergoing the waiver

Product description	Tariff 2005	Tariff 2006
Alcoholic drinks	10	5
Iron and its profiles	15	8
Steel articles	15	8
Other Plastic articles	15	8
Photographic films	15	8

Even though a list of products have fallen under a waiver and with the further tariff reduction at the end of 2005 the average simple tariff of the total goods package and the division by product group shows that the compensation for some higher tariffs for certain products has happened automatically as a result of a more liberalized general applied tariff than the WTO commitment tariff.

The average tariff, simple or weighted is much smaller in developed countries than in developing ones, for instance an average tariff of all OECD countries for manufactured goods was calculated to be 6,5% in 2002 in comparison to 13,5% which is the average tariff that developing countries applied on the same goods. This ratio tends to remain the same in 2005 (all the NAMA negotiations are a recent prove to this). Under this perspective Albania remains a considerably liberalised country, directing the focus for economic recovery and market access not in protectionism or unfair trade policies toward others.

**Figure 1.9:** Applied tariff and commitment during 2005

## 1.6 Regional trade in Western Balkans

Table 1.5: Regional trade 2000 - 2005

	Exports						
	2000	2001	2002	2003	2004	2005	% of total exports
Albania	258	305	330	448	605	658	1%
Bulgaria	4,812	5,099	5,578	7,541	9,859	11,702	20%
Bosnia - Herzegovina	932	957	1,059	1,273	1,664	2,100	4%
Macedonia	1,321	1,155	1,113	1,354	1,672	1,600	3%
Croatia	4,567	4,759	4,995	6,308	8,208	8,840	15%
Moldova	477	567	660	805	995	1,135	2%
Romania	10,366	11,385	13,869	17,627	23,518	27,516	47%
Serbia - Montenegro	1,923	2,003	2,075	3,054	4,219	5,503	9%
<b>Total exports</b>	<b>24,398</b>	<b>25,925</b>	<b>29,349</b>	<b>36,412</b>	<b>50,135</b>	<b>58,396</b>	<b>100%</b>
	Imports in millions US\$						
	2000	2001	2002	2003	2004	2005	% of total imports
Albania	1,070	1,332	1,490	1,859	2,296	2,602	3%
Bulgaria	5,988	6,665	7,197	10,059	13,212	15,678	17%
Bosnia - Herzegovina	2,610	2,750	3,148	4,100	5,100	5,300	6%
Macedonia	2,011	1,677	1,877	2,123	2,794	2,400	3%
Croatia	7,771	8,860	10,724	14,216	16,555	17,382	18%
Moldova	783	880	1,083	1,429	1,754	2,000	2%
Romania	12,050	14,354	16,482	22,092	30,130	37,060	39%
Serbia - Montenegro	3,711	4,837	6,320	7,941	11,653	12,568	13%
<b>Total imports</b>	<b>34,924</b>	<b>40,023</b>	<b>45,630</b>	<b>58,186</b>	<b>81,198</b>	<b>92,388</b>	<b>100%</b>

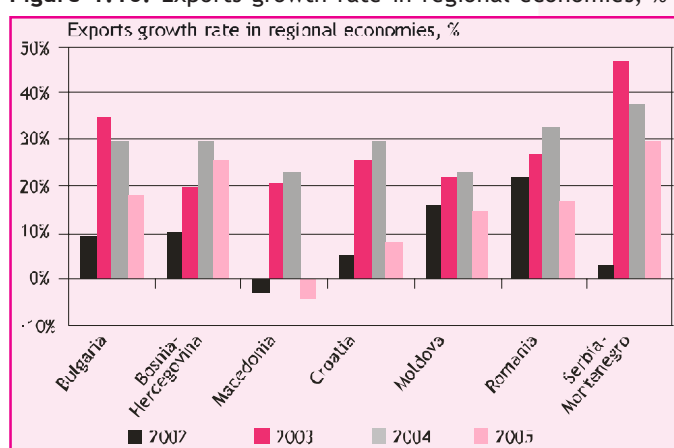
Source: EBRD, 2004 "Transition Report update" April 2005; data for 2004 are provisional while data for 2005 are forecasts of the report

Trade has flourished in the Western Balkans showing a significant pace of growth in the last five years. According to their stage of development, trade performances of the countries differ from one-another.

As shown in table 1.5, Romania, Bulgaria and Croatia occupied about 82% of total regional exports and 74% of total regional imports. These figures communicate differences in terms of the countries' size, as well as diverse levels of economic development. Compared to developments throughout 2004, except for Macedonia, an increase of the trade volume is expected during 2005.

The European Commission report issued the same finding in empathizing the phenomenon "Intraregional trade remains at low levels, occupying about 6% of total trade". (European Commission Report, 2003, Page 11). Despite the

Figure 1.10: Exports growth rate in regional economies, %



entering into force of the regional Free Trade Agreements, trade between these countries is still modest. Data from the table 1.6 indicate that entering into force of the FTA-s has modestly increased the enhancing of intraregional trade for some countries. The trade

in the region has also been characterized by changes in trade share partners due to the search of new advantageous partners.

Nevertheless, in the case of specific countries, in particular former ex-Yugoslavia countries, regional trade is very important, while it is quite the opposite for countries such as Romania,

Bulgaria and Albania (Uvalić, 2003). Data on the above table indicate intraregional positive trade dynamics for Croatia, Macedonia and Serbia & Montenegro, while lower shares and negative trade dynamics of Romania's and Bulgaria's within the region .

The network of bilateral Free Trade Agreements (FTA's) established under the Stability Pact has been completed. As a result, mutual trade has increased.

However, intraregional trade is still lower than its potential and, in some cases implementation of the bilateral agreements has not been satisfactory. It is necessary a process of harmonizing FTA's and regulatory regimes. The main problems in the implementation of FTA's have been: the operating of the procedures for eliminating non-tariff barriers; existence of asymmetries in liberalization provisions; implementing the preferential rules of origin; meeting sanitary and phytosanitary standards and promoting agriculture exports; consistent application of safeguard clauses and remedies; promoting awareness of new trade and investment opportunities.

At a Ministerial meeting in Sofia in June 2005, South-East European trade ministers committed themselves to undertake a preparatory work and began a process to integrate the existing network of bilateral free trade agreements into a single regional FTA, to be concluded by mid-2006 with entry into force in 2007. They also agreed to implement a program to reduce or eliminate non-tariff barriers and to work towards further harmonizing regulations for trade in services.

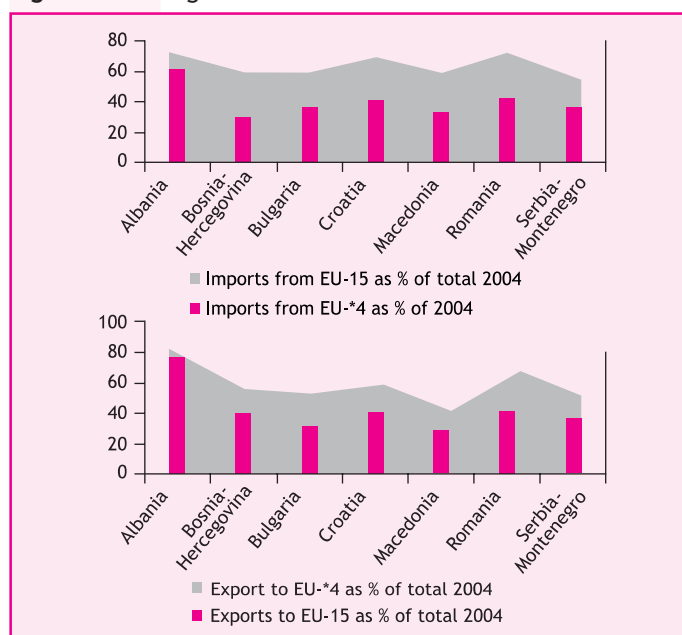
Noticing that intra-regional trade still lags behind its potential, the European Commission in a communication of January 27, 2006, encourages (and stands ready to help with advice and technical assistance) a process of integrating the existing network of bilateral FTA's into a single regional FTA.

The EU once more states that the benefits of a single FTA would be substantial: by providing traders and investors with a simplified,

**Table 1.6** Structure of intraregional trade geography, %

	Exports		Imports	
	2000	2004	2000	2004
<b>Croatia</b>				
Bosnia - Herzegovina	11.2	14.1	1.0	2.1
Macedonia	1.3	0.9	0.7	0.7
Serbia - Montenegro	2.4	3.6	0.4	0.8
<b>Total</b>	<b>14.9</b>	<b>18.6</b>	<b>2.1</b>	<b>3.6</b>
<b>Macedonia</b>				
Bosnia - Herzegovine	1.8	1.9	0.3	0.3
Croatia	3.6	6.8	2.8	3.2
Romania	0.1	0.2	0.7	0.7
Bulgaria	2.0	1.8	4.7	8.7
Serbia - Montenegro	25.3	31.6	9.1	11.2
<b>Total</b>	<b>32.8</b>	<b>42.3</b>	<b>17.4</b>	<b>24.1</b>
<b>Romania</b>				
Macedonia	0.1	0.1	Na	0.0
Bulgaria	2.8	1.7	0.7	0.9
Serbia - Montenegro	1.3	0.9	0.5	0.1
<b>Total</b>	<b>4.2</b>	<b>2.7</b>	<b>2.6</b>	<b>1</b>
<b>Bulgaria</b>				
Macedonia	2.3	2.2	0.4	0.2
Romania	1.8	3.3	3.6	2.4
Serbia - Montenegro	7.8	3.6	0.3	0.3
<b>Total</b>	<b>11.9</b>	<b>9.1</b>	<b>4.3</b>	<b>3.9</b>

**Figure 1.11: Regional Trade with EU**



\* - EU-4: Italy, Greece, Germany, Austria

Source: WWIW

transparent and consistent framework for business relations, the agreement would greatly enhance the ability of the region to attract increased inflows of foreign direct investment and stimulate regional trade while synergies between trade and investment would contribute to increase employment and economic prosperity.

While trade flows of regional countries are mainly with EU countries, Albania has the most

concentrated trade with EU markets both on goods inflows and outflows. In terms of imports, Albania ranks like Croatia and Romania with over 60% of total imports to EU market, of which four European countries represent the steady partners for Albania. In terms of exports, again Albania has the most concentrated trade with EU, more specifically with only two European countries.

## 2. Developments in Albania's Foreign Trade

### 2.1 Macroeconomic developments in the Albanian economy during 2005

#### Box 2.1. Competitiveness of the Albanian economy.

During 2005, ACIT and ISB were contracted by the World Economic Forum (<http://www.weforum.org>) for the preparation of the Global Competitiveness Report. It was the first time Albania was included in this prestigious report which aims to reflect the actual status in competitiveness of all the world's economies. In Albania, about 100 businesses from all the sectors of the economy were interviewed through a questionnaire which is used for this purpose in all the countries included in the report.

The outcome of the report indicates that Albania ranked in the 100<sup>th</sup> position for the Growth Competitiveness Index, out of 117 countries assessed for the report. The Growth Competitiveness Index is based in three main pillars - the quality of macroeconomic environment, the state of public institutions and the level of technological readiness.

In terms of Business Competitiveness Index which is a proxy for microeconomic factors which determine economies' current sustainable levels of productivity and competitiveness, Albania performs even worse, by holding the 112<sup>th</sup> position in the list of 116 countries. The BCI rests on the idea that microeconomic factors are critical for national competitiveness, since wealth is actually created at the level of firms operating in an economy. The BCI specifically measures two areas that are critical to the microeconomic business environment in an economy: the sophistication of company operations and strategy, as well as the quality of the overarching national business environment in which they are operating.

The Global Competitiveness Report shows that businesses in Albania indicate corruption, inadequate infrastructure and inefficient government bureaucracy as their main concerns for doing business in the country, whilst inflation, labor regulations and foreign currency regulations are perceived as the least problematic factors for their operations. In fact, in terms of inflation or other macroeconomic indicators and labor regulations, the national competitiveness balance sheet shows that Albania performs better than other countries in the region and much

&gt;&gt;

During 2005 the Albanian economy continued a moderate growth which is estimated to be slightly lower than the expected 6%. Inflation was kept well under control at 2.4% throughout the year. Main internal factors for the deceleration of the economic growth include the political uncertainty for the July general elections, the prolonged post-elections period up to the formation of the new government in September, lack of confidence in the institutions which produced increasing fiscal deficit and lastly, crisis in the energy sector which was significantly amplified due to lack of electricity imports<sup>5</sup> throughout the year.

External factors which provided effects in the Albanian economy include the significant increase in oil prices, competition pressure to the key Albanian export-oriented industries such

Figure 2.1: Global Competitiveness Report 2005, Albania

Growth Competitiveness Index Rank .....	100	Business Competitiveness Index Rank .....	108
Macroeconomic Environment Index Rank .....	92	Sophistication of Company Operations and Strategy Rank .....	102
Macroeconomic Stability Subindex Rank .....	85	Quality of the National Business Environment Rank .....	109
Government Waste Rank .....	95		
Country Credit Rating Rank .....	96		
Public Institutions Index Rank .....	102		
Contracts and Law Subindex Rank .....	108		
Corruption Subindex Rank .....	93		
Technology Index Rank .....	93		
Innovation Subindex Rank .....	94		
ICT Subindex Rank .....	91		
Technology Transfer Subindex Rank (out of 92 non-core innovators) .....	66		

as footwear and textiles by the rapidly expanding exports from China and Turkey and later through the year, the outbreak of the avian influenza which created negative effects in the consumption of bird products and relating industries.

However, various sectors of the economy

<sup>5</sup> Electricity import was the product which resulted as the most decreased import for 2005. As shown in the next session, electricity imports in 2005 was 7.6 Million US\$, whilst in 2004 the same figure amounted to 28.3 Million US\$.

continued to expand. Most notably, such growth was noticed in services and construction sectors, which supported the labor sector as the unemployment fell to a record low level of 14.2%. Foreign direct investments for 2005, especially in sectors recently privatized or given in concessions to the private sector, according to Bank of Albania amounted to around 264 million US\$<sup>6</sup>. Despite such considerable investments associated with continuous increase in imports of machineries and equipments, which eventually should bring an increase in domestic production and exports of goods, the Albanian economy is showing weak signs of competitiveness in the region.

The year 2005 was very important for the banking sector, as with competition increasing in this sector (18 commercial banks operating in the country) and the largest bank privatized in 2004 entering at full gear the market, credit to the private sector increased significantly and for the first time, during the second half of 2005 it was higher than the domestic credit to the government.

The domestic currency - Lek, was relatively strong and stable during 2005 vis-à-vis the main foreign currencies. Lek only slightly appreciated in relation to Euro throughout the year and depreciated in relation with US\$ during the second half of the year.

The external sector was characterized by worsening of the trade deficit as a result of a slowdown of exports growth and continuation of imports expansion. Trade deficit in 2005 amounted to 7.7% of GDP, up from 5.7% in 2004 (source: Bank of Albania, ACIT). The capital inflow has compensated the increased trade deficit and as a result, the overall balance was positive.

Within the current account, services - which constitute the largest sector of the economy, increased to around 2.5 billion US\$, up by 22.5%

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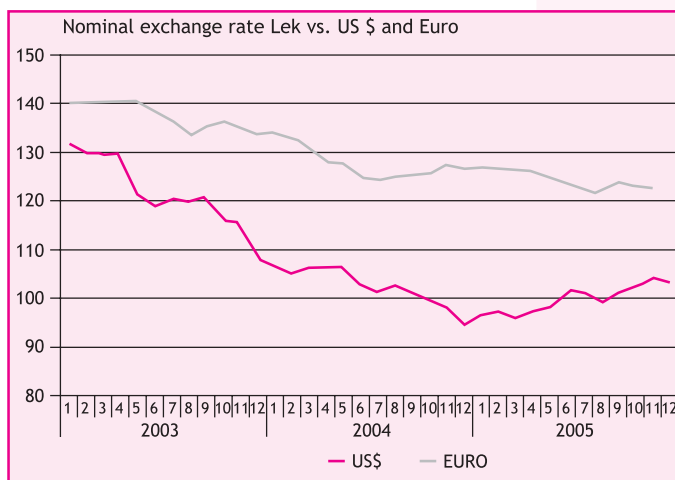
*better than the many other countries in the world.*

*In terms of exports competitiveness, in a scale from 1 (companies engaged primarily in exports of resources extracted or produced) to 7 (exporting companies specialized in design, marketing, after-sale services etc.), Albania averaged 2.3, which is well below the world's mean 3.8 and positions Albania in the 107<sup>th</sup> position out of 117 countries surveyed. Even worse is the perception of exports towards countries in the region, Albania ranks in the 116<sup>th</sup> position for this factor (117 in total), when Croatia ranks 74<sup>th</sup>, Macedonia 92<sup>nd</sup> etc.*

*The fact that for both Growth Competitiveness Index and Business Competitiveness Index, Albania ranks behind all the other countries in the region indicates that there's still much to do in order to improve the national competitiveness and ACIT remains committed in its mission to continue with the efforts for strengthening the capacities of public institutions and private businesses operating in Albania.*

Source: World Economic Forum

**Figure 2.2:** Nominal exchange rate of lek with US\$ and Euro, 2003-2005



from 2004. According to estimations from Bank of Albania, the tourism sector alone generated 692 million US\$ during 2005, which is 30% more than the total Albanian merchandise exports. Despite the netting effect due to outflow of capital for services abroad, services and particularly the tourism sector remains the greatest potential for the development of the Albanian economy during the next years.

<sup>6</sup> Source: Bank of Albania, Balance of Payments 2005. However, it should be noted that data on FDI's is still not persistent - some sources estimate the FDI's for 2005 to be over 500 million US\$, which is an all-time record for Albania (LocoMonitor ([www.locomonitor.com](http://www.locomonitor.com)), a specialized consulting firm on FDI's around the world).



Table 2.1: Balance of Payments 1995-2005

Basic data from the Balance of Payments											
In millions US\$	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Current Account	36.6	-62.3	-	-65.0	-	-163.1	-217.9	-420.8	-406.7	-432.0	-637.5
Exports	201.4	224.4	143.6	202.7	275.7	258.9	304.9	330.4	448.1	605.4	659.0
Imports	648.4	933.1	644.4	823.5	943.0	1,089.4	1,337.5	1,505.8	1,859.6	2,296.1	2,602.0
Exports/GDP, %	8.1	7.4	6.6	7.4	8.0	7.0	7.4	7.4	7.3	7.4	7.8%
Imports/GDP, %	26.2	31.0	29.8	30.1	27.4	29.5	32.6	33.5	30.4	28.2	30.8%
Exports/Imports, %	31.1	24.0	22.3	24.6	29.2	23.8	22.8	21.9	24.1	26.4	25.3%
Trade deficit, % of GDP	-18.0	-23.5	-23.1	-22.7	-19.4	-22.5	-25.2	-26.2	-23.1	20.8	-23.0%
Trade deficit (in millions of US\$)	447.0	708.7	500.8	620.8	667.3	830.5	1,032.6	1,175.4	1,411.5	1,690.6	-1,943.0

Table 2.2: Balance of Payments 2005 - US\$.

Balance of Payments 2005 (US\$)	Credits	Debits
<b>A. Current account</b>	3,563.2	(4,120.4)
Goods, services and income	2,039.1	(3,894.4)
1. Goods, Balance of payments basis	658.7	(2,485.6)
1a. Goods, reported trade	658.7	(2,470.0)
1b. Goods from aid		(15.5)
1c. Goods from migrants		-
2. Services	1,153.0	(1,360.0)
3. Income	227.5	(48.9)
4. Current transfers	1,524.1	(226.0)
<b>CURRENT ACCOUNT BALANCE</b>	(557.2)	
-excluding official transfers	(637.5)	
<b>B. Capital and Financial Account</b>	519.4	
<b>C. Reserve assets</b>	(151.4)	
<b>D. Net errors and omissions</b>	189.2	

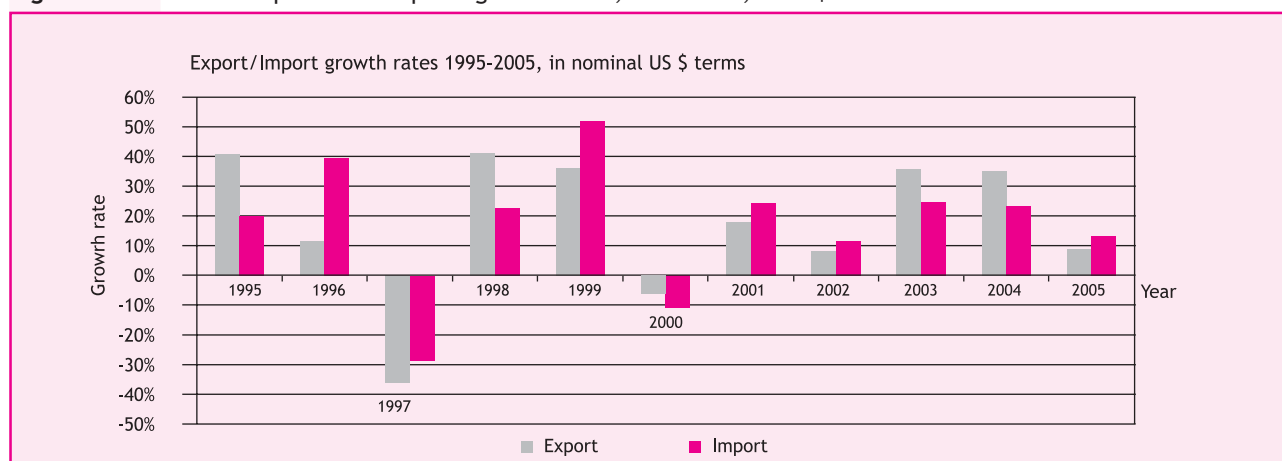
Source: Bank of Albania

## 2.2 Foreign trade during 2005

Foreign trade during 2005 was primarily characterized by a slowdown of exports growth, which caused imports to grow faster than

exports even in relative terms compared with 2004. Especially during the second half of 2005 exports growth was very limited, with two months reporting even lower absolute exports than in the corresponding periods of 2004. Imports growth was also relatively slower than

Figure 2.3: Albanian imports and exports growth rates, 1995-2005, in US\$ nominal terms





in the previous years, with the same tendency of modest growth during the second half of 2005.

Throughout the year, exports amounted 659 million US\$, up by 9% compared with 2004 and imports reached 2,602 million US\$, with an increase of 13% compared with 2004. Trade deficit for 2005 amounted 1,943 million US\$, with an increase by 14.9% compared to 2004. As a result coverage of imports by exports was reduced to 25.3% in 2005, down from 26.4% in 2004.

Our estimations a year ago on foreign trade of Albania proved were higher than the actual figures both in exports and imports terms<sup>7</sup>. Several external and internal factors, discussed in the preceding sections contributed to such reduction of trade performance for Albania. Based on such conditions, some of which are expected to continue with their effects during 2006 and using as methodology the trend of trade performance during the last few years, we would forecast that by the end of 2006, Albanian imports should reach about 3 billion US\$, whilst exports to be in the range of 730 million US\$.

Similar relative figures result in Euro terms due to a stable trend of Euro/US\$ exchange rate throughout the year.

Currently, ACIT is processing data on trade by using daily exchange rates as reported by the Central Bank of Albania. However, we are working with customs authorities to report every transaction in the currency in which it originates, which would allow for an even better accuracy of our reports.

**Table 2.3: Albanian imports and exports for 2005 in US\$**  
(In million of US\$)

Month	Trade Export		Trade Import		Trade deficit
	In absolute values	As % change Towards the same period of 2004	In absolute values	As % change towards the same period of 2004	
January	49.97	17%	164.36	15%	114.39
February	50.47	6%	182.72	14%	132.24
March	58.73	26%	198.37	16%	139.64
April	57.41	11%	222.19	26%	164.79
May	55.97	9%	217.37	23%	161.40
June	66.78	25%	228.32	23%	161.54
July	63.89	3%	208.84	4%	144.95
August	38.38	6%	219.18	21%	180.79
September	60.64	16%	230.88	16%	170.24
October	51.53	-6%	233.10	0%	181.57
November	50.78	-6%	227.05	12%	176.27
December	54.22	2%	269.58	0%	215.36
<b>TOTAL</b>	<b>658.76</b>	<b>9%</b>	<b>2,601.94</b>	<b>13%</b>	<b>1,943.18</b>

**Table 2.4: Albanian imports and exports for 2005 in Euro**  
(In million of EUR)

Month	Trade Export		Trade Import		Trade deficit
	In absolute values	As % change Towards the same period of 2004	In absolute values	As % change towards the same period of 2004	
January	38.1	13%	125.4	11%	87.3
February	38.8	4%	140.4	10%	101.6
March	44.6	18%	150.5	8%	105.9
April	44.4	3%	171.7	16%	127.3
May	44.1	4%	171.3	17%	127.2
June	54.9	25%	187.7	23%	132.8
July	53.0	5%	173.4	6%	120.3
August	31.2	5%	178.2	20%	147.0
September	49.5	15%	188.4	15%	138.9
October	42.8	-2%	193.8	4%	151.0
November	43.1	4%	192.7	23%	149.6
December	45.7	15%	227.3	13%	181.6
<b>TOTAL</b>	<b>530.2</b>	<b>9%</b>	<b>2,100.7</b>	<b>14%</b>	<b>1,570.5</b>

<sup>7</sup> ACIT estimation for 2005 in the 2004 foreign trade report indicated that exports were expected at 720 million US\$, whilst imports 2,750 million US\$.

## 2.3 Developments in the foreign trade structure of goods

Analyzed by sections, exports growth for 2005 was based primarily in an increase of exports of main metals, the only considerable category which resulted above the average growth of the year. Textiles, which represent 30% of Albanian exports, resulted in a weak growth of 0.1% throughout the year. The expansion of footwear section, which represent 27% of Albanian exports, was in the range of total exports growth, with 7.7% growth compared to 2004.

Imports growth, as analyzed by sections, was concentrated in main metals and their products (34% growth compared with 2004 and 11% of total imports), mineral products - primarily due to petroleum products (28% growth compared with 2004 and 12% of total imports) and equipments

imports (6% of total imports in 2005) as compared with 2004 - which confirms signs of imports substitution by the domestic economy.

However, it should be noticed that the significant increase in imports of the main metals group is mostly due to the increase of oil prices as petroleum byproducts are included in the category of main metals. This is clearly indicated by Table 2.6 which shows that only for the main petroleum product imported - gas oil, the growth during 2005 from 2004 of imports in US\$ terms is about 34% when the actual increase in real terms, quantity, is only 9.6%. ACIT estimates that had the 2004 oil prices kept constant, the total Albanian imports for 2005 would be lower by at least 50 million US.

Table 2.5: Imports/Exports 2005 by section

No	Description	Exports	Share to the total	% increase with 2004	Imports	Share to the total	% increase with 2004
1	Live animals: animal origin products	3,739	0.6%	40.9%	71,577	2.8%	8.0%
2	Vegetable products	19,669	3.0%	3.4%	151,908	5.8%	-9.0%
3	Animal grease and oils or vegetal and its products	300	0.0%	-11.9%	35,416	1.4%	6.4%
4	Prepared food; drinks, alcoholic beverages and vin	30,152	4.6%	8.9%	200,173	7.7%	11.0%
5	Mineral products	34,299	5.2%	39.1%	313,209	12.0%	27.9%
6	Chemical industrial products or alloys	3,018	0.5%	34.3%	181,181	7.0%	19.2%
7	Plastic and its products; tire and its products	4,011	0.6%	105.4%	84,233	3.2%	21.6%
8	Unprocessed and processed leather, coats and their	12,756	1.9%	-4.4%	56,102	2.2%	-6.2%
9	Wood and its products; charcoal; cork and its prod	10,487	1.6%	9.8%	40,057	1.5%	21.9%
10	Wood or other fiber, cellulose, paper or cartoon m	10,315	1.6%	44.9%	44,626	1.7%	4.8%
11	Textile and its products	200,625	30.5%	0.1%	248,607	9.6%	4.3%
12	Footwear and hats, umbrellas and parasols, walking	181,272	27.5%	7.7%	71,579	2.8%	1.3%
13	Stone, gypsum, cement products...	3,161	0.5%	16.8%	97,068	3.7%	16.1%
14	Natural or cultivated pearls, jewelry...	1,157	0.2%	47.4%	1,135	0.0%	10.1%
15	Main metals and their products	100,280	15.2%	16.8%	289,171	11.1%	34.2%
16	Mechanic, electric machinery and equipment ...	25,269	3.8%	16.1%	453,047	17.4%	17.4%
17	Vehicles	2,237	0.3%	2.1%	161,252	6.2%	2.3%
18	Optic, photographic, cinematographic, measuring, .	1,261	0.2%	-39.8%	35,898	1.4%	-15.6%
19	Weapons and munitions and their equipment	630	0.1%	2.9%	1,288	0.0%	133.6%
20	Different manufactured products	14,075	2.1%	17.7%	64,265	2.5%	23.7%
21	Works of art, collection and antics pieces	48	0.0%	-74.2%	151	0.0%	-30.2%
Total		658,761	100.0%	8.8%	2,601,942	100.0%	13.3%

Table 2.6: Oil price effect in imports: Value vs. quantity

Gasoil imports	2004	2005	Growth 05/04
In value (000 US\$)	90,120	136,292	33.9%
In quantity (Liter)	285,953,772	316,339,569	9.6%

(17% growth compared with 2004 and 17% of total imports). Several categories of products were significantly below the average of imports growth or even decreased as compared with 2004. Worth mentioning is -9% decrease of vegetables

### 2.3.1 10 most traded goods in 2005

Analysis of trade during 2005 by products, at 4 and 6 digits level of the HS, shows that most imported goods include petroleum products, automobiles, cement and construction materials, medicaments, cigars, equipments etc. At 4 digit level, the top 10 imported goods count for 26% of total imports, whilst the same figure at HS 6 digit level, as shown in Table 2.7, is 19%.

On exports, footwear and textiles had the largest share. Other products, such as minerals, medicinal plants, and anchovies are included in the top 10 exported products list. Top 10 exported products at 4 digit level count for 55% of total exports, whilst Table 2.8 indicates the same list detailed at 6 digit level, where these products count for 50% of total exports for 2005.

**Table 2.7: Most imported products in 2005, at 6 digits level.**

HS 6	Product	2000	2004	2005
271019	Light petroleum distillates nes		102,313,071	150,789,970
252329	Portland cement nes	39,418,521	45,531,106	65,158,121
240220	Cigarettes containing tobacco	21,561,892	44,443,110	47,240,808
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	14,919,172	58,643,157	40,148,104
100190	Wheat nes and meslin	17,514,344	50,613,442	35,290,908
300490	Medicaments nes, in dosage	4,046,731	28,727,141	34,760,681
640610	Uppers and parts thereof, other than stiffeners	27,455,991	41,143,254	33,543,518
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	10,239,264	29,108,067	33,500,717
721499	Bars&rods of iron/non-al/s, nfw than forged, hr,	1,474,760	9,518,702	30,496,371
847420	Crushing/grindg machines for earth/ stone/ores o oth minerals subs etc	1,103,958	15,540,929	29,820,117

**Table 2.8: Most exported products in 2005, at 6 digits level.**

HS 6	Product	2000	2004	2005
640610	Uppers and parts thereof, other than stiffeners	66,277,406	129,393,283	123,759,047
620342	Mens/boys trousers and shorts, of cotton, not knitted	19,894,083	53,272,974	50,094,448
720241	Ferro-chromium containing by weight more than 4% of carbon	7,372,158	17,172,031	29,332,117
620520	Mens/boys shirts, of cotton, not knitted	7,645,148	21,132,649	25,797,022
640359	Footwear, outer soles and uppers of leather, nes	116,711	14,601,666	17,516,808
830140	Locks of base metal, nes	114,425	9,092,938	17,404,220
610910	T-shirts, singlets and other vests, of cotton, knitted		16,150,871	16,591,435
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	3,975,713	16,074,468	16,111,580
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes	211,781	8,885,907	15,227,345
640510	Footwear with uppers of leather or composition leather, nes	90,653	4,820,361	14,987,806

### 2.3.2 Most growing/shrinking products in trade for 2005.

A clearer picture results from the analysis of trade growth at 6 digits level of the HS. On exports side, products which increased in exports by more than 3 million US\$ from 2004 are shown in Table 2.9, which indicates that growth in exports is based mostly in ferro-chromium, footwear and bitumen, which count for about 80% of total exports increase in 2005.

However, various products were less exported in 2005 compared with 2004. Table 2.10 shows the products which decreased more in 2005 in comparison with 2004, ranked by such difference for differences more than 3 million US\$. Aviation spirit, padlocks, textiles and steel are the products which decreased significantly in exports for 2005.

**Table 2.9:** HS-6 products which increased more in exports of 2005 as compared with 2004 (ranked by difference with 2004 for differences more than 3 million US\$)

HS 6	Product	2000	2004	2005
720241	Ferro-chromium containing by weight more than 4% of carbon	7,372,158	17,172,031	29,332,117
640510	Footwear with uppers of leather or composition leather, nes	90,653	4,820,361	14,987,806
270900	Petroleum oils and oils obtained from bituminous minerals, crude	99		9,891,740
830140	Locks of base metal, nes	114,425	9,092,938	17,404,220
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes	211,781	8,885,907	15,227,345
620520	Mens/boys shirts, of cotton, not knitted	7,645,148	21,132,649	25,797,022
610610	Womens/girls blouses and shirts, of cotton, knitted	1,992,457	8,875,425	13,068,976
620329	Mens/boys ensembles, of other textile materials, not knitted	241	173,268	3,533,023
640590	Footwear, nes	39,799	38,023	3,392,291
760410	Bars, rods and profiles, aluminium, not alloyed	168,946	392,144	3,442,007

**Table 2.10:** HS-6 products which decreased more in exports of 2005 as compared with 2004 (ranked by difference with 2004 for differences more than 3 million US\$)

HS 6	Product	2000	2004	2005
271011	Aviation spirit		10,715,397	
830110	Padlocks of base metal		8,783,215	3,038
640610	Uppers and parts thereof, other than stiffeners	66,277,406	129,393,283	123,759,047
620342	Mens/boys trousers and shorts, of cotton, not knitted	19,894,083	53,272,974	50,094,448

**Table 2.11:** HS-6 products which increased more in imports of 2005 as compared with 2004 (ranked by difference with 2004 for differences more than 5 million US\$)

HS 6	Product	2000	2004	2005
271019	Light petroleum distillates nes		102,313,071	150,789,970
721499	Bars&rods of iron/non-al/s, nfw than forged, hr,	1,474,760	9,518,702	30,496,371
252329	Portland cement nes	39,418,521	45,531,106	65,158,121
847420	Crushing/grindg machines for earth/ stone/ores o oth minerals subs etc	1,103,958	15,540,929	29,820,117
721391	Bars & rods, hr, in irreg wound coils, of iron or	2,955,566	2,239,814	15,700,942
760120	Aluminium unwrought, alloyed	19,519	2,808,819	12,816,734
271011	Aviation spirit		15,103,804	24,905,762
720449	Ferrous waste and scrap, iron or steel, nes		90,288	9,639,543
271113	Butanes, liquefied	4,718,048	6,043,500	14,384,010
850423	Liq dielectric transf havg a power handlg capacity exceedg 10,000 KVA	1,554,050	1,730,640	9,504,774
271112	Propane, liquefied	301,134	3,227,074	10,160,025
850300	Parts of electric motors,generators,generatg sets & rotary converters	220,697	2,825,644	8,930,930
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes	20,868	4,796,688	10,857,823
300490	Medicaments nes, in dosage	4,046,731	28,727,141	34,760,681
100110	Durum wheat	19,636	5,411,531	11,404,944
690890	Tiles, cubes and sim nes, glazed ceramics	2,970,451	14,726,218	20,525,945
850431	Transformers electric power handling capacity not exceeding 1 KVA, nes	216,807	949,897	6,521,281
170191	Refined sugar,in solid form,containg added flavourg or colourg matter		1,410	5,278,113
410712	Leather of other animals, o/t leather of hd no 41		1,836,277	7,029,876

On imports side, products which contributed most in growth were petroleum products (primarily due to increase in oil prices), steel, cement, processing equipments, footwear parts, medicaments etc. Table 2.11 shows the list of such products ranked by difference of imports 2005-2004, for such differences more than 5 million US\$.

Finally, products which were less imported in 2005 as compared with 2004, include primarily electrical energy, certain diesel automobiles, wheat etc. Table 2.12 shows the list of such products ranked by difference of imports 2004-2005, for such differences more than 5 million US\$. Agricultural products such as vegetables, mentioned previously under the discussion at section level, do not appear in this list because at 6-digit level, products are dispersed to numerous items, each of them with difference less than 5 million US\$.

**Table 2.12:** HS-6 products which decreased more in imports of 2005 as compared with 2004 (ranked by difference with 2004 for differences more than 5 million US\$)

HS 6	Product	2000	2004	2005
271600	Electrical energy	26,346,508	28,280,573	7,670,301
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	14,919,172	58,643,157	40,148,104
100190	Wheat nes and meslin	17,514,344	50,613,442	35,290,908
721710	Wire of iron or non-alloy steel	436,204	9,113,087	1,285,793
902830	Electricity supply, production and calibrating meters	2,189,273	10,792,943	3,135,045
640610	Uppers and parts thereof, other than stiffeners	27,455,991	41,143,254	33,543,518
843780	Mach f milling/workg of cereals/ drid leguminous nes veg exc farm-type	145,117	7,183,306	694,698
410719	Leather of other animals, o/t leather of hd no 41		26,483,128	20,579,073

### 2.3.3 Trade of agricultural goods.

Exports of agricultural goods during 2005 represent 8.2% of total exports from Albania, without change from the previous year. Key export agricultural products for 2005 include 4 main categories which represent about 85% of total agricultural products: medicinal plants, fishery products, spirits and unprocessed tobacco.

Unprocessed tobacco and medicinal plants had the largest increase in exports as compared with 2004 (with respectively 68% and 9% growth rates or about 3.5 million US\$) whilst vegetables decreased most from the agricultural products with about 1.2 million US\$ less than 2004.

Italy, Kosovo, Greece and Germany were the main destination of agricultural exports, with each partner representing 38%, 16%, 16% and 11% of total agricultural exports respectively. Table 2.13 shows the details of agricultural goods exports by chapter and as compared with previous years.

Imports of agricultural goods proved slow growth for 2005 with a weak 3% increase from 2004, which shows signs of domestic agricultural production recovery and import substitution effect.

Import of agricultural products for 2005 counted for 17.6% of total Albanian imports, down from 19.5% in 2004.

Cereals, fruits, tobacco products and meat are the top imported categories which provide for about 45% of total agricultural imports during 2005. Significant increase in imports during 2005 was for sugar, live animals fish etc. whilst cereals, malt, vegetables and fish reported with greatest decrease from 2004.

Greece and Italy were the main origin of agricultural imports with each country representing 21% and 18% of agricultural imports during 2005. Table 2.14 shows the details of agricultural products imports.



**Table 2.13:** Exports of agricultural goods, by chapter - in 000 US\$

Chap.	DESCRIPTION	2000	2004	2005	% of 05
01	Live animals	32	879	947	1.8%
02	Meat and edible meat offal	235	1	336	0.6%
03	Fish and crustaceans, mollusks and other aquatic invertebrates	1,408	1,082	1,771	3.3%
04	Dairy products, birds' eggs, natural honey ...	188	561	584	1.1%
05	Animal origin animals not elsewhere specified or included	58	131	101	0.2%
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	740	446	673	1.2%
07	Edible vegetables and respective roots and tubers	1,063	2,492	1,259	2.3%
08	Edible fruit and nuts; peel of citrus fruit or melons	36	374	670	1.2%
09	Coffee, tea, mate and spices	415	826	1,479	2.7%
10	Cereals	9	5	1	0.0%
11	Products of the milling industry; malt; starches; insulin; wheat gluten		369	9	0.0%
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	9,533	14,013	15,329	28.5%
13	Lac; gums, resins and other vegetable saps and extracts	353	502	224	0.4%
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included		1	25	0.0%
15	Animal or vegetable fats and oils ...	46	341	300	0.6%
16	Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates	3,981	16,187	16,403	30.5%
17	Sugars and sugar confectionery	136	25	14	0.0%
18	Cocoa and cocoa preparations		53	234	0.4%
19	Preparations of cereals, flour, starch or milk; bakers' wares	305	114	109	0.2%
20	Preparations of vegetables, fruit, nuts or other parts of plants	904	1,523	1,299	2.4%
21	Miscellaneous edible preparations	290	91	27	0.1%
22	Beverages, alcoholic beverages and vinegar	1,024	6,106	6,414	11.9%
23	Residues and waste from the food industries; prepared animal feed	3	344	193	0.4%
24	Tobacco and manufactured tobacco substitutes	7,107	3,245	5,457	10.1%
	<b>Total agricultural exports</b>	<b>27,865</b>	<b>49,709</b>	<b>53,860</b>	<b>100%</b>
	<b>As a percentage to total exports</b>	<b>10.8%</b>	<b>8.2%</b>	<b>8.2%</b>	<b>-</b>

**Table 2.14:** Imports of agricultural goods, by chapter - in 000 US\$

Chap.	DESCRIPTION	2000	2004	2005	% of 05
01	Live animals	1,221	5,198	11,196	2.4%
02	Meat and edible meat offal	18,934	43,193	42,712	9.3%
03	Fish and crustaceans, mollusks and other aquatic invertebrates	4,063	6,078	5,000	1.1%
04	Dairy products, birds' eggs, natural honey ...	4,973	11,599	12,412	2.7%
05	Animal origin animals not elsewhere specified or included	101	211	257	0.1%
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	653	1,667	2,083	0.5%
07	Edible vegetables and respective roots and tubers	6,747	19,655	15,669	3.4%
08	Edible fruit and nuts; peel of citrus fruit or melons	26,568	48,977	51,327	11.2%
09	Coffee, tea, mate and spices	5,774	7,313	8,287	1.8%
10	Cereals	26,805	70,934	60,527	13.2%
11	Products of the milling industry; malt; starches; insulin; wheat gluten	18,811	15,934	11,602	2.5%
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	1,765	2,297	2,333	0.5%
13	Lac; gums, resins and other vegetable saps and extracts	65	141	60	0.0%
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	0	94	20	0.0%
15	Animal or vegetable fats and oils ...	18,364	33,279	35,416	7.7%
16	Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates	2,164	11,463	14,420	3.1%
17	Sugars and sugar confectionery	15,333	18,795	25,197	5.5%
18	Cocoa and cocoa preparations	3,350	5,754	6,855	1.5%
19	Preparations of cereals, flour, starch or milk; bakers' wares	17,902	34,679	35,724	7.8%
20	Preparations of vegetables, fruit, nuts or other parts of plants	9,218	15,864	15,999	3.5%
21	Miscellaneous edible preparations	6,380	13,645	16,981	3.7%
22	Beverages, alcoholic beverages and vinegar	19,345	31,312	32,420	7.1%
23	Residues and waste from the food industries; prepared animal feed	1,873	3,903	5,294	1.2%
24	Tobacco and manufactured tobacco substitutes	22,406	44,872	47,284	10.3%
	<b>Total of agricultural imports</b>	<b>232,815</b>	<b>446,858</b>	<b>459,074</b>	<b>100.0%</b>
	<b>As a percentage of total imports</b>	<b>21.7%</b>	<b>19.5%</b>	<b>17.6%</b>	<b>-</b>

## 2.4 Geography of foreign trade during 2005.

EU confirmed again as the main trade partner of Albania during 2005, as the destination of 88.1% of Albanian exports and 62.3% of the imports origin. Trade with Italy and Greece, the most important trade partners, counts for 82.9% of total exports and 47.7% of total imports. In relative terms exports to EU grew at the same rate as imports during 2005 (6.7%). Within EU area, a decrease of trade with Greece, our second trade partner, was noticed during 2005, both in imports and especially in exports which were reduced by about 4.6% compared to 2004. On the other hand, exports to Germany

increased significantly in relative terms as compared with 2004.

Trade with Southeastern European countries, with which Albania is implementing bilateral free trade agreements, counted for 7.9% of Albanian imports and 7.5% of Albanian exports. However, a significant growth of trade relations, both in exports (21.7%) and imports (39.5%) terms was noticed during 2005, proving that trade within the region has the tendency to increase as supported by bilateral - and in the future, by the single free trade agreement.

**Table 2.15: Geography of trade in 2005**

Partner countries	Exports			Imports			Trade deficit
	In absolute values	% of the total	Change as compared to 2004	In absolute values	% of the total	Change as compared to 2004	
<b>EU - 15</b>	<b>580.2</b>	<b>88.1</b>	<b>6.7</b>	<b>1621.6</b>	<b>62.3</b>	<b>6.7</b>	<b>1041.3</b>
Germany	21.9	3.3	17.0	127.3	4.9	5.6	105.4
Greece	69.2	10.5	-4.6	453.4	17.4	-2.0	384.2
Italy	477.1	72.4	7.9	788.5	30.3	3.7	311.4
Austria	1.5	0.2	-25.3	61.2	2.4	77.2	59.7
United Kingdom	0.9	0.1	362.7	25.1	1.0	138.5	24.2
Other EU - 15	9.6	1.5		166.1	6.4		156.5
<b>SEE countries</b>	<b>49.3</b>	<b>7.5</b>	<b>21.7</b>	<b>205.0</b>	<b>7.9</b>	<b>35.9</b>	<b>155.7</b>
Kosovo	27.0	4.1	-2.8	11.2	0.4	112.2	-15.8
Macedonia	10.3	1.6	33.8	39.5	1.5	34.3	29.2
Serbia & Montenegro	5.5	0.8	128.7	22.1	0.9	26.1	16.6
Croatia	0.2	0.0	-54.6	26.3	1.0	-19.4	26.1
Bulgaria	3.6	0.5	127.6	80.9	3.1	59.4	77.3
Rumania	1.6	0.2	597.0	20.8	0.8	88.6	19.3
Bosnia and Herzegovina	1.1	0.2	186.7	3.3	0.1	138.2	2.2
USA	6.6	1.0	110.8	23.3	0.9	-17.8	16.7
Switzerland	0.4	0.1	-29.9	37.7	1.4	-35.2	37.3
China	3.2	0.5	435.9	149.2	5.7	80.1	146.0
Turkey	11.4	1.7	-0.1	193.8	7.4	17.7	182.4
Ukraine	0.0	0.0	1801.2	65.0	2.5	20.0	65.0
Other countries	7.6	1.2		306.3	11.8		298.7
<b>TOTAL</b>	<b>658.8</b>	<b>100.0</b>		<b>2601.9</b>	<b>100.0</b>		<b>1943.2</b>

**Table 2.16:** Top 25 trade partners by volume and their rank in 2005, 2004, 2000 and 1995

Country	Volume of trade 2005	Rank 05	Volume 04	Rank 04	Volume 00	Rank 00	Volume 1995	Rank 95	Growth 05/95
<i>Italy</i>	1,265,643	1	1,202,741	1	578,913	1	349,821	1	262%
<i>Greece</i>	522,585	2	534,987	2	335,135	2	193,853	2	170%
<i>Turkey</i>	205,176	3	176,020	3	61,067	4	39,180	5	424%
<i>China</i>	152,409	4	83,430	5	4,624	23	3,678	20	4,044%
<i>Germany</i>	149,253	5	139,299	4	69,749	3	42,033	4	255%
<i>Russia</i>	99,929	6	64,227	6	17,548	8	2,546	24	3,825%
<i>Bulgaria</i>	84,468	7	52,304	9	26,823	5	52,182	3	62%
<i>Ukraine</i>	65,081	8	54,184	8	3,150	25	1,902	27	3,322%
<i>Austria</i>	62,686	9	36,558	11	16,878	9	14,612	8	329%
<i>Macedonia</i>	49,817	10	37,116	10	25,869	6	24,484	6	103%
<i>Kosovo</i>	38,224	11	33,083	13	N/A	N/A	N/A	N/A	-
<i>Spain</i>	38,163	12	34,034	12	11,289	14	827	31	4,515%
<i>Switzerland</i>	38,124	13	58,784	7	13,681	13	7,478	14	410%
<i>Holland</i>	31,754	14	22,192	19	8,100	18	8,420	13	277%
<i>France</i>	30,966	15	29,073	16	16,852	10	12,314	10	151%
<i>Slovenia</i>	30,871	16	26,119	17	21,036	7	13,253	9	133%
<i>USA</i>	29,837	17	31,416	15	8,700	16	9,058	12	229%
<i>Serbia and Montenegro</i>	27,623	18	19,950	21	15,895	11	N/A	N/A	-
<i>Croatia</i>	26,484	19	33,032	14	14,013	12	4,767	17	456%
<i>UK</i>	25,976	20	10,708	26	6,406	20	4,788	16	443%
<i>Czech Republic</i>	25,239	21	25,929	18	4,409	24	3,804	19	563%
<i>Rumania</i>	22,431	22	11,281	25	6,214	21	3,548	21	532%
<i>Hungary</i>	21,410	23	17,536	23	8,677	17	4,583	18	367%
<i>Belgium</i>	21,106	24	20,974	20	10,627	15	18,294	7	15%
<i>Brasil</i>	17,845	25	18,747	22	37	68	2,689	23	564%

Within the SEE/FTA zone, Kosovo is the main destination of Albanian exports, despite a slight decrease in absolute terms and a significant increase of Kosovo's imports, whilst imports from the zone originate primarily from Bulgaria and Macedonia. Chapter 4 has more details on the trade relations with SEE and FTA countries area.

Trade relations with other partners in the world were characterized by significant increase of imports and little progress of exports toward new markets. The most important achievement in this direction during 2005 was trade with

China and Turkey which penetrated formidably the Albanian market. China became Albania's 4<sup>th</sup> trading partner, up from 5<sup>th</sup> position in 2004 by bypassing Germany and up from 23<sup>rd</sup> position in 2000. Table 2.16 shows the volume of trade and rank in trade relations with top trading 25 countries for 2005, 2004, 2000 and 1995. As can be noticed, other trade partners such as Russia, Ukraine, etc. made significant progress in developing trade relations although as mentioned, primarily in imports to Albania.



## 2.5 Trade competitiveness

Despite their growth in the recent years (more than 3 times since 1995), Albanian exports were characterized by a concentration not only in few basic commodities, but also in limited destinations.

As graph shows, three main export destinations in 2005 account for more than 85% of total Albanian exports, with Italy alone receiving more than 70% of total exports. Such figure is up from 68% in 1995 when Italy, the largest export and trade partner received about 50% of Albanian exports.

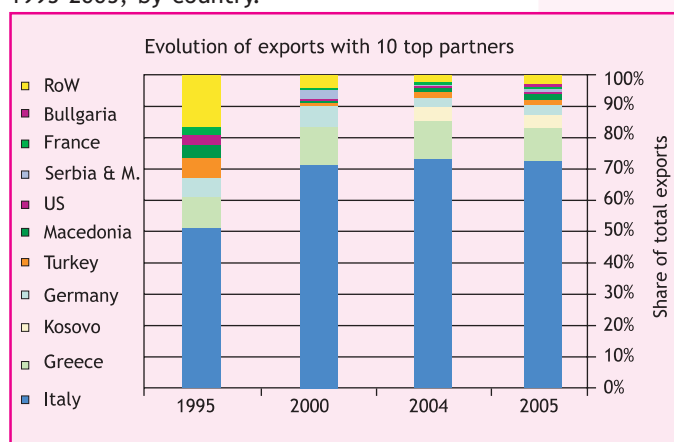
Little difference is observed from the graph since 2004, where shrink in 2005 exports to Greece and Kosovo was matched by an increase of exports mainly toward Germany, US and Macedonia.

Average Albanian imports coverage by exports in 2005 was 25%. Only 5 trade partners for 2005 resulted with higher exports/imports coverage than the average and only one trade partner - Kosovo, was positive in the trade balance. Table 2.17 shows this ratio for the top 10 partners with which such ratio is highest.

Evolution of exports/imports over time has been relatively stable. Graph shows the evolution of this factor since 2000 for all the countries and separately for EU-25 countries, FTA area countries, US and rest-of the world. The graph indicates a modest positive trend of trade competitiveness with EU-15, relatively good progress in trade with FTA area countries, significant fluctuations of trade with US and very weak performance of trade competitiveness with other countries of the world.

Finally, graph illustrates in 3-dimensions the evolution of trade performance with 10 top partners during the period 1995-2005. The horizontal dimension represents the change from 1995 to 2005 in market share of trade volume with Albania for each partner, whilst the vertical dimension shows the exports/imports coverage in 2005 for each partner. The size of each bubble represent the actual share in trade volume for 2005.

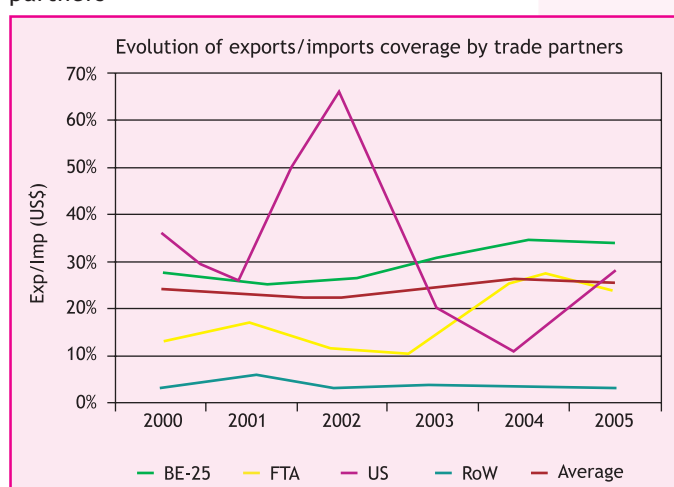
**Figure 2.4:** Evolution of Albanian exports destinations 1995-2005, by country.



**Table 2.17:** 10 best exports-to-imports destinations for 2005

Country	Exports	Imports	Exp/Imp Coverage
UNMIK - KOSOVO	27,034	11,190	242%
ITALY	477,120	788,523	61%
UNITED STATES	6,585	23,252	28%
MACEDONIA	10,332	39,485	26%
SERBIA AND MONTENEGRO	5,492	22,132	25%
FRANCE	4,579	26,387	17%
GERMANY	21,921	127,332	17%
GREECE	69,175	453,410	15%
SLOVENIA	2,554	28,317	9%
ROMANIA	1,587	20,844	8%

**Figure 2.5:** Evolution of export/imports coverage by trade partners



(size of each circle represents the volume of trade in 2005)

Figure 2.6: Evolution of trade performance with 10 top partners



From the graph it is clear that some of our main trade partners such as Italy, Greece, Bulgaria, Macedonia and Germany have actually decreased their share in trade volume in order to allow other countries, most notably China, Russia, Turkey and countries from the rest-of-the-world to enter Albanian market. However, as can be seen from the graph, this penetration in trade relations is primarily in imports to Albania, as

the ‘newcomers’ report almost no exports from Albania.

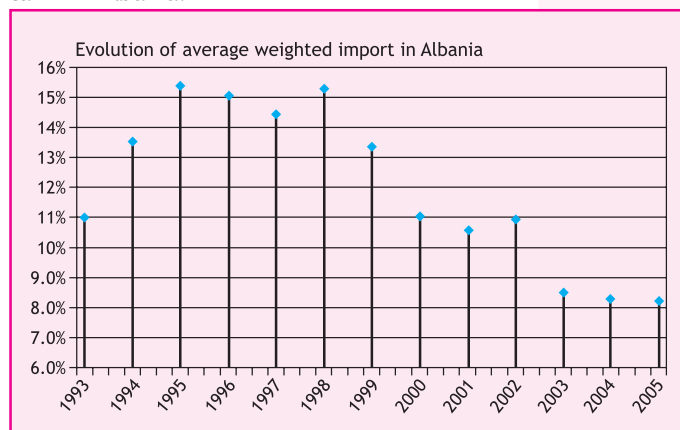
Furthermore, it is worth mentioning that through this graph, a diversification of trade relations could be noticed as the rest-of-the-world countries (other than 10 trading partners) have gained market share in trade relations, they represent about 19% of trade in 2005 and the exports/imports coverage is around 11%.

## 2.6 Trade liberalization.

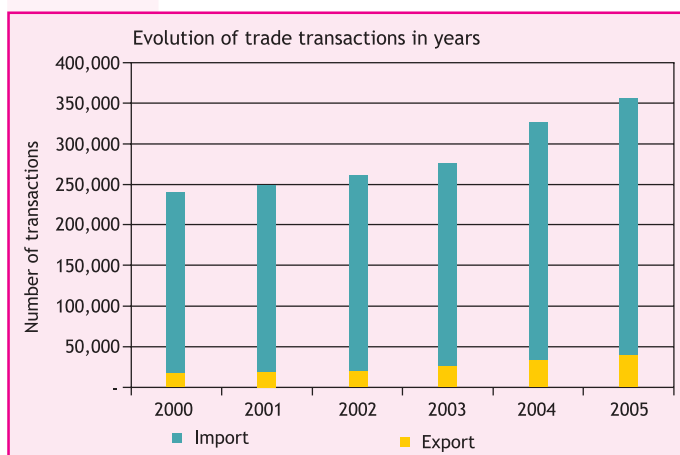
As member of WTO since 2000, Albania has generally fulfilled the commitments undertaken during WTO accession and as a result of such commitments, but also in line with the liberalization policies implemented by the government, Albania has made good progress toward liberalization of trade and opening of the economy to the region and the rest of the world.

In terms of tariff liberalization, Albania reduced significantly the average tariff firstly by accession in WTO in 2000 and then in 2003. As a result, the trade-weighted average MFN import tariff in Albania decreased from 15.3% in 1998 to 11% in 2000 and 8.2% in 2005. The real trade-weighted average tariff of Albania is even lower if effects of the imports from various countries which have a privileged trade status through FTA's, is taken in account.

**Figure 2.7:** Evolution of trade-weighted MFN average import tariff in Albania.



## 2.7 Trade and infrastructure

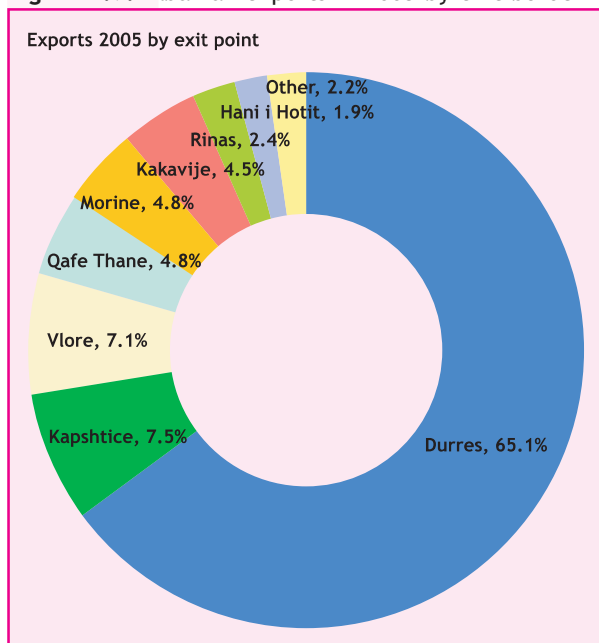
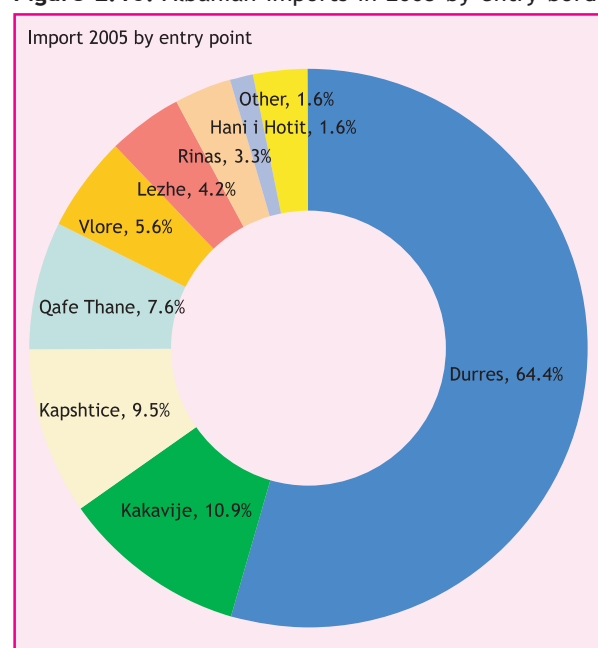
**Figure 2.8:** Number of transactions in imports and exports during 2000-2005**Box 2.3.**

According to our estimations around 7,500 Albanian businesses engaged in trade with other countries during 2005. 6,054 firms were active in import activities whilst 1,616 firms were engaged in exporting activities.

Development of infrastructure within the country and links toward regional and global markets affect positively trade relations. In the recent years, Albania has made progress in improving the transportation infrastructure by the development of several important routes across the country. At the same time, investments are made at border checks in order to facilitate the movement of goods from or into the country.

The Durres Port is the main gate of Albanian trade, with 65.1% of exports and 54.4% of imports passing through this port. Other relevant border checks for the trade of goods are the two entries with Greece at Kakavije and Kapshtice, as well as the Vlora port and the Qafe Thane border with Macedonia.

Figure 2.9 and 2.10, show the distribution of exports and imports for 2005, by the entry/exit border.

**Figure 2.9:** Albanian exports in 2005 by exit border**Figure 2.10:** Albanian imports in 2005 by entry border

**Box 2.4. Trade facilitation and infrastructure.**

Despite the absolute advantage of Durres port for the Albanian international trade, other border checks are gaining importance and we could illustrate this by the remarkable growth of trade through the border with Montenegro, located in the Shkodra region. Figure 2.11 shows the evolution of foreign trade only through the Shkodra's region border checks (Hani i Hotit, Bajze and Murriqan). The considerable growth of trade relations cannot be explained neither by the national growth of trade nor by the increase of trade with the neighboring country (Serbia and Montenegro), which both remained at much lower levels for the same period. Indeed, analysis shows that most of the flow of goods is only transited in Montenegro with final destination in other European countries.

The only explanation to such significant increase of trade through a particular region of the country would be the link to trade facilitation due to the improvement of transport infrastructure, which induces businesses to pursue new lower cost routes. In fact, the actual growth in trade flow results in 2003, which coincides precisely with the completion of the new route which now connects Tirana with Shkodra<sup>8</sup>.

Such link evidently points the importance of transport infrastructure in trade development and could be used as a proper justification for public investments in development of infrastructure. ACIT remains committed to provide through its work, direct contribution in this direction.

**Figure 2.11:** Infrastructure and trade growth illustrated by exports/imports through Shkodra's border checks



<sup>8</sup> For more details on this issue, please consult 'Business development through cross-border economic cooperation Albania-Montenegro' by Ilir Ciko, 2006 - [www.acit-al.org](http://www.acit-al.org)



### 3. Albania's Trade with EU

#### 3.1 Albania's Trade Flows with EU

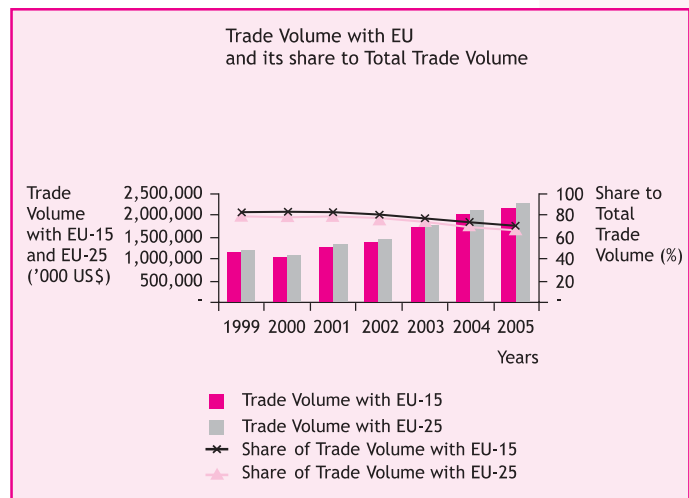
Trade volume with EU-25 in 2005 reached US\$ 2.27 billion, representing 69.7% of total volume of Albania's foreign trade. Trade volume with ten new EU-25 members has been very insignificant (only 4% of trade with EU-25), hence this section will deal mostly with trade flows of Albania with EU-15. The share of trade with EU-25 to Albania's total trade volume has been reduced in the recent years as a result of China competition in the world market. On the other side, trade volume with EU-25 has noted an increase of 6.9% from the previous year.

Trade volume with EU-25 is dominantly represented by imports from the Community. While imports reached a value of US\$ 1.68 billion, their share to Albania's total imports is 64.9%. As noted in Figure 3.2, though imports have increased during the years in absolute terms, their share to Albania's total imports is decreasing, due to China and Turkey goods positioned more competitively in the Albanian market.

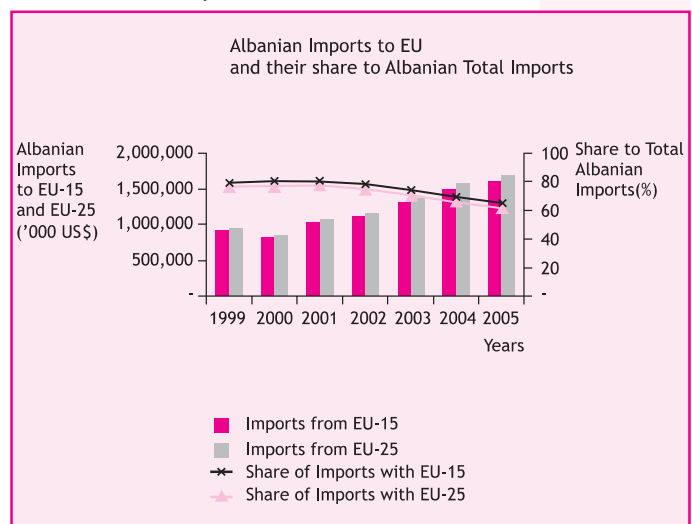
Exports to EU-25 reached about US\$ 0.58 billion. With a slight increase in 2005 (only 6.7%), they represent 88% of Albania's total exports.

Most of trade is done with Italy and Greece and less with other EU-25 countries. The share of countries has been slightly increased for major partners (Italy, Germany, Austria) as compared to shares of 2000, while share of trade volume with Greece has decreased from 30% in 2000 into 23% of trade volume with EU-25 in 2005.

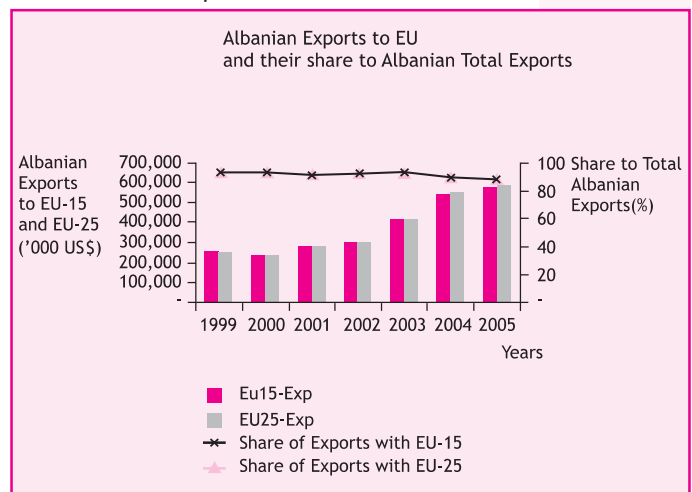
**Figure 3.1: Trade Volume with EU-25 and its share to Total Trade Volume**



**Figure 3.2: Albanian Imports to EU-25 and their share to Albanian Total Imports**



**Figure 3.3: Albanian Exports to EU-25 and their share to Albanian Total Exports**



### 3.2 Albania's Trade Structure with EU-15

Imports from EU-15 include a wide range of goods. More than 26% have been vehicles, machineries and equipments, which note an increase from year 2004. The second goods category is textiles/garments/footwear representing more than 15% of total imports from EU-15 and with a slight increase from the previous year. Mineral products represent also a considerable percentage of total imports from EU-15, with 9.6% share and with an outstanding increase of almost 30% as compared to previous year. The same share and increase is noted for the sector of metals and their products.

Though registered as imports, the values of purchasing vehicles, machineries, minerals, raw materials in garment/footwear sector, inputs in agriculture and food sectors, as well as raw materials from wood, chemical, cement and plastic sectors represent also investments and/or working capitals for the production and construction activities in the Albanian economy.

Other goods mainly for consumption purposes are imported from EU-15 such as prepared food and beverages, representing 7.7% of total imports from EU-25 in 2005 and with a positive growth from previous year.

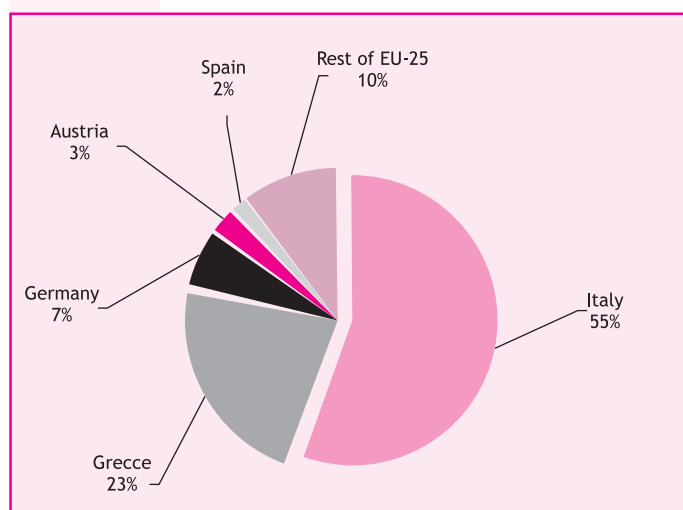
Top 20 imported products represent only 22% of total imports of Albania from EU. For more on top imported goods from EU-15, see Annex 2 of this report.

Most exported goods to EU-15 are those of garment/footwear industry, representing 65.6% of total exports to EU-15 and with positive growth rates from previous year. Though slight decreases from year 2000 (when Asymmetric Trade Regime<sup>9</sup> was granted from EU to Albania and other regional countries), still the levels of exports in the typical sectors of garments, footwear, minerals and food have been consolidated. Hard competition problems faced by EU producers from China garment and footwear products explain the lower export growth rates in the Outward Processing Sectors of garments and footwear in Albania as compared to previous year.

The situation in Albania has been affected by international developments. Exports of garment products in quantity noted a decrease, while footwear products noted an increase, though lower than in previous year. Growth rates of both sectors have been decreasing as shown in Figure 3.5.

Top 20 exported products of Albania to EU-15 represent 64% of total exports of Albania to EU-15, hence testifying once again the low diversification of Albania's trade in terms of partner countries and products. For more on top exported goods, see Annex 2 of this report.

**Figure 3.4:** Share of EU-25 members into Albania's trade volume with EU-25



<sup>9</sup> See section 3.3 for Trade Regime between Albania and EU



**Table 3.1: Import and Export Structure with EU-15, in '000 US\$**

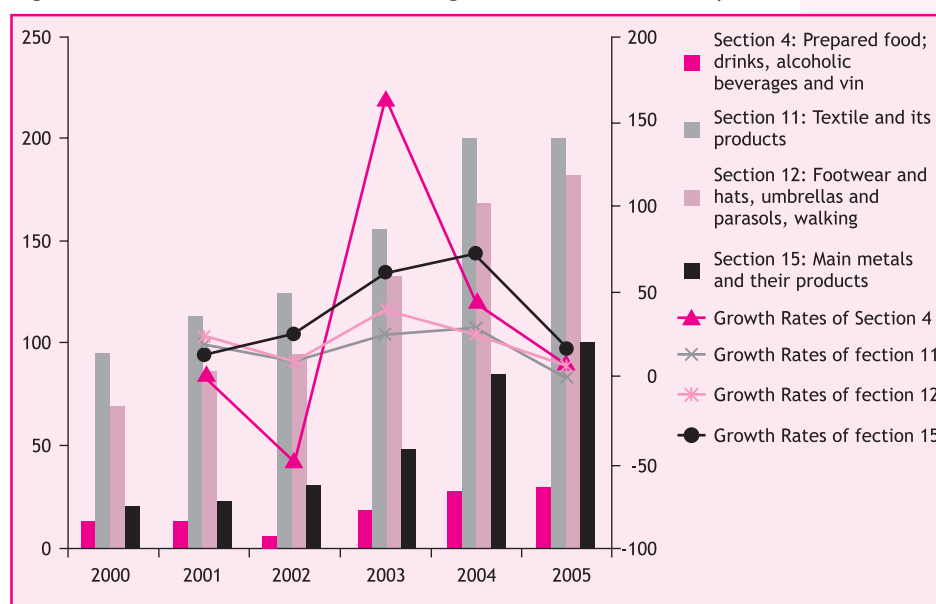
Section No.	Section Description	Imports in 2005	Share to Total Imports from EU	% change from 2004	Exports in 2005	Share to Total Exports to EU	% change from 2004
1	Live animals: animal origin prod.	31,535	2.0%	-7.0%	2,782	0.5%	51.9%
2	Vegetable products	61,786	3.9%	-23.8%	11,455	2.0%	-2.7%
3	Animal grease and oils or vegetal	10,894	0.7%	-5.5%	12	0.0%	-80.5%
4	Prepared food; drinks, alcoholic	123,493	7.7%	7.8%	23,203	4.0%	15.0%
5	Mineral products	154,320	9.6%	29.8%	16,104	2.8%	-8.0%
6	Chemical industrial prod./alloys	100,500	6.3%	21.2%	1,561	0.3%	189.6%
7	Plastic and its products; tire....	50,889	3.2%	10.9%	3,540	0.6%	127.0%
8	Unprocessed/processed leather..	53,078	3.3%	-5.5%	9,787	1.7%	-5.9%
9	Wood and its products; charcoal;..	30,189	1.9%	14.0%	10,202	1.8%	10.0%
10	Wood or other fiber, cellulose, paper or cartoon m	31,143	1.9%	10.4%	9,913	1.7%	44.3%
11	Textile and its products	191,727	12.0%	2.7%	200,102	34.5%	0.5%
12	Footwear and hats, umbrellas...	51,929	3.2%	-6.8%	181,099	31.2%	7.7%
13	Stone, gypsum, cement products	68,819	4.3%	9.0%	2,988	0.5%	16.1%
14	Natural or cultivated pearls, jewelry...	778	0.0%	8.2%	1,067	0.2%	35.9%
15	Main metals and their products	154,806	9.7%	25.1%	74,275	12.8%	11.9%
16	Mechanic, electric machinery and equipment ...	291,629	18.2%	8.0%	18,414	3.2%	42.0%
17	Vehicles	130,837	8.2%	-2.4%	1,327	0.2%	-20.5%
18	Optic,photographic,cinematograph	23,021	1.4%	-17.1%	653	0.1%	-66.1%
19	Weapons, munitions & equipment	951	0.1%	200.8%	133	0.0%	157.7%
20	Different manufactured products	38,368	2.4%	2.2%	11,307	1.9%	13.7%
21	Works of art, collection and antics	114	0.0%	-20.1%	7	0.0%	-94.0%
	<b>TOTAL in '000 US\$</b>	<b>1,600,807</b>	<b>1.00</b>		<b>579,931</b>	<b>1.00</b>	

**Box 3.1 China 2005 uprising exports to EU and US**

January 2005 was the end of quotas in textiles/garments. China's exports to EU and US noted tremendous rise. While China's exports to EU have increased during the years in the range of 5-15%, in 2005 the increase was 44.4% for apparels and 62.6% for footwear. Growth rates for particular clothes and shoes have been even higher and causing a lot of difficulties amid European producers. In US market Chinese exports have increased their share with enormous figures for HS 61: 64%, HS 62: 57.1%, HS 6330% and footwear 11.7%.

As reported by Guardian Unlimited, during summer 2005 tens of millions of Chinese clothing items were blocked at EU ports. During spring 2005 US also took measures after the industry reported increases of up to 1,500% in imports of Chinese cotton trousers and shirts since quota abolition in January 1<sup>st</sup>. EU commissioner talks with Chinese representatives have been ongoing during the year on way to limit exports of China to EU. As a result of pressure by European footwear industry (Italian, French and Czech producers) temporary quotas on Chinese clothing were introduced in 2005.

Source: Eurostat, USITC, Guardian Unlimited

**Figure 3.5: Values in millions US\$ and growth rates of most exported sectors**

### 3.3 Trade with EU in the context of Asymmetric Preferential Agreement

Preferential regime granted by EU to Albania in 2000 (EC Regulation 2000/2007 of Sept. 18<sup>th</sup>, 2000), allows for Albania to export to EU market all Albanian originating goods without customs duties and charges having equivalent effect. All products are admitted for import into the Community without quantitative restrictions, except for a group of goods that are allowed within limited concessions. These goods include:

- certain textile products, for which Albania has common quotas with other regional countries; quotas are granted separately for originating and non-originating products;
- fishery products and wine, for which again Albania has common tariff-quotas with other regional countries for originating products.

Though the asymmetric preferential regime, increases in overall exports of Albania to EU have not been satisfactory, as described in Figure 3.3. Still, Albania has been successful in particular products, such as anchovies (leader amid regional countries and surpassing community quota as listed in Annex 3 of this report) and leather goods (ranking first worldwide for Revealed Comparative Advantages as described in Annex 4 of this report).

Still, Albania underscores for many other products, especially agricultural and agro-industrial ones, which are promising, but lack EU standard and quality requirements. In terms of these non-tariff barriers, efforts on both domestic legal framework and business capacities development are taking place.

Active Processing is that part of Asymmetric Preferential Regime that implies re-exportation of imported raw materials from EU upon labor processes taking place in Albania. This customs regime is applied for various products in Albania such as those in the garment, footwear, fishery,

packaging sectors, etc. In year 2005 they reached a value of 463 million US\$, hence representing 70.3% of total exports of Albania and 79.3% of Albania's exports to EU. For a list of most exported products under the Active Processing Regime, also known as Outward Processing Regime, see Annex 5 of this report.

### 3.4 Initialising Trade Agreement with EU

A symmetric trade agreement with EU has been initialized and expected to enter into force upon signing of the Stabilization and Association Agreement. This new trade agreement will liberalize more the trade between the Community and Albania in terms of tariff barriers. Non-tariff barriers will remain the challenge of Albanian-origin products entering EU market.

The new trade agreement foresees liberalization of all industrial EU-origin products entering Albania, except for a list of goods which will be reduced gradually up to year 2009.

As regard to agricultural and fishery products, trade will be liberalized as well, except for some particular products under quota or MFN treatment considered as sensitive or semi-sensitive for both parties.



## 4. Albania's trade with countries of the region in the context of the Free Trade Agreements

Albania shows limited trade exchanges with regional countries. Total exports to the region have been mainly dominated by performances in a limited number of countries such as Bulgaria, Kosovo and Macedonia. Apparently, the FTA-s has increased bilateral trade between

Albania and the region countries during 2005. This behavior of the trade flows is observed in the imports' figures as well (Table 4.1).

Imports from Bulgaria, Macedonia and Croatia represent the most significant share in trade with the region.

**Table 4.1:** Trade with the countries of the region

Country Code	Exports	2000	2001	2002	2003	2004	2005
BA	Bosnia and Herzegovina	0.0%	0.0%	0.6%	0.3%	0.9%	2.2%
BG	Bulgaria	0.8%	0.7%	0.8%	1.4%	3.9%	7.3%
HR	Croatia	14.3%	0.3%	0.9%	2.2%	1.0%	0.4%
KS	Kosovo	0.0%	0.0%	0.0%	53.7%	68.7%	54.8%
MD	Moldova	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MK	Macedonia	17.2%	34.6%	52.9%	21.5%	19.1%	21.0%
RO	Romania	0.0%	0.2%	0.5%	0.6%	0.6%	3.2%
YU	Serbia and Montenegro	67.7%	64.1%	44.3%	20.3%	5.9%	11.1%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Regional exports as % of total exports</b>	<b>4.0%</b>	<b>4.7%</b>	<b>3.9%</b>	<b>3.2%</b>	<b>6.7%</b>	<b>7.5%</b>
Imports							
BA	Bosnia and Herzegovina	0.1%	0.1%	0.7%	1.0%	0.9%	1.6%
BG	Bulgaria	34.0%	34.0%	26.9%	44.0%	33.6%	39.5%
HR	Croatia	15.9%	21.1%	30.1%	20.7%	21.6%	12.8%
KS	Kosovo	0.0%	0.0%	0.0%	2.9%	3.5%	5.5%
MD	Moldova	0.1%	0.6%	0.2%	0.4%	1.9%	0.4%
MK	Macedonia	30.7%	20.1%	16.9%	13.6%	19.5%	19.3%
RO	Romania	7.9%	15.5%	12.4%	11.2%	7.3%	10.2%
YU	Serbia and Montenegro	11.3%	8.6%	12.9%	6.3%	11.6%	10.8%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Regional imports as % of total imports</b>	<b>7.3%</b>	<b>6.3%</b>	<b>7.6%</b>	<b>7.2%</b>	<b>6.6%</b>	<b>7.9%</b>

Chronological order of the current status of all Trade Agreements with regional countries:

- FTA with Macedonia entered into force on July 1, 2002
- FTA with Croatia entered into force on June 1, 2003
- FTA with Bulgaria entered into force on September 1, 2003
- FTA with Kosovo entered into force on October 1, 2003
- FTA with Romania entered into force on January 1, 2004
- FTA with Serbia-Montenegro entered into force on August 1, 2004
- FTAt with Moldavia entered into force on November 1, 2004
- FTA with Bosnia-Herzegovina entered into force on December 1, 2004

#### 4.1 Trade with Bosnia-Herzegovina

Even though trade with Bosnia-Herzegovina has been at minimal levels during the years, a relative increase of goods' inflows appeared after 2001. This trend continued with a faster rhythm during 2005 when imports and exports recorded 140% and 180% of growth respectively compared to 2004.

Due to the faster increase in value of imports than exports, the trade deficit grew also to 2 million US\$ during 2005 from 1 million US\$ in 2004. The imports from Bosnia-Herzegovina represented 1.6% of imports and exports 2.2% at a region level.

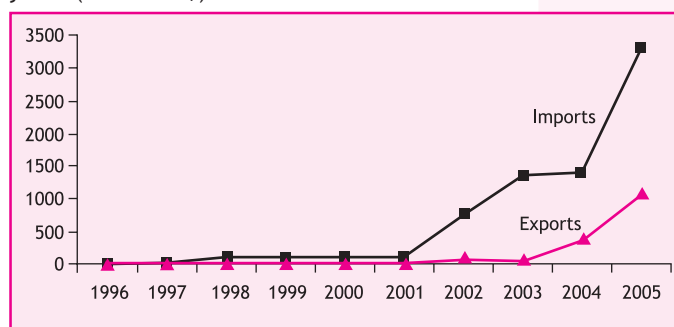
Bosnia & Herzegovina's share of imports increased 0.7% in 2005 compared to the previous year. There have been shifts also in the products substance traded with this country. During 2005, almost 53% of B&H imports of Albania (1,733 thousand of US\$) consisted of wood products (coniferous), while 75% of Albanian exports to Bosnia-Herzegovina (817 thousand US\$), parts of bovine animals.

A few of the top imported products during 2005 do not appear in previous years or are in minimum values. While wood products and pharmaceuticals appear also in the list of imports during the previous two years, the other products are fairly new in the trade between Albania and Bosnia-Herzegovina, testifying for a trend of this relation in discovering new markets and building trade channels. In this respect, liberalized trade as foreseen in the agreement between Albania and Bosnia-Herzegovina, reducing import duties of industrial products will certainly support and enhance more trade opportunities between two countries.

It is important to stress out that a few agricultural products are imported from Bosnia-Herzegovina (extracts and concentrates of coffee & mate enjoying MFN treatment in the agreement, potatoes used for production of starch and sunflower seeds under the scale of

duty reduction in the agreement). They are not part of the top ten imported products in Albania from Bosnia-Herzegovina (except of safflower oil). On the other side, Albanian exports to Bosnia-Herzegovina, have been only six as listed in Annex of this report (the same number of products as during 2004). Two of them are industrial products, which fall under the Reduced Scaled formula of Free Trade Agreement. The rest of them are agricultural product. These products are not included in the lists of liberalized agricultural products of FTA with this country, but treated with MFN duties. Though it is early to note about comparative advantages of both countries in mutual trade and potentials of this trade in accessing EU markets, we can certainly confirm that products originating from Bosnia-Herzegovina are mostly finished products, or semi-finished ones used in the construction or furniture industries in Albania. While exported products from Albania are either wholly obtained products (watermelons, hides & skins) or finished products either imported or produced in Albania.

**Figure 4.1:** Foreign Trade with Bosnia-Herzegovina during the years (in 000 US\$)



Free trade agreement with Bosnia-Herzegovina entered into force only on December 1, 2004. The agreement foresees, amid others, the following import duties:

Type of products	Imports of Albania from Bosnia-Herzegovina	Imports of Bosnia-Herzegovina from Albania
Industrial products	Customs duties <b>reduced according to a scale</b> for all originating products, to be fully abolished in 2007	Customs duties reduced according to a scale for all originating products, to be fully abolished in 2007
Agricultural products	Customs duties <b>abolished upon entry into force</b> of the agreement for originating products listed in Annex 2* of the agreement. Customs duties <b>reduced according to a scale</b> for originating products listed in Annex 3 ** of the agreement, to be fully abolished in 2008. <b>MFN treatment</b> for products not mentioned in Annexes 2 and 3 of the agreement.	Customs duties <b>abolished upon entry into force</b> of the agreement for originating products listed in Annex 2* of the agreement. Customs duties <b>reduced according to a scale</b> for originating products listed in Annex 3 ** of the agreement, to be fully abolished in 2008. <b>MFN treatment</b> for products not mentioned in Annexes 2 and 3 of the agreement.

Source: Free Trade Agreement between the Republic of Albania and Bosnia-Herzegovina

\* - geese, ducks, cut plants and flowers, vegetables, nuts, grapes, pepper, vanilla, cinnamon, ginger, barley, wheat flour, vegetal juices and extracts, fats)

\*\* - meat of sheep and goats, fresh fish, mollusk, potatoes, tomatoes, figs, corn flour, olive oil, vegetables, fruit, sausage, meat offal, yeasts).

## 4.2 Trade with Bulgaria

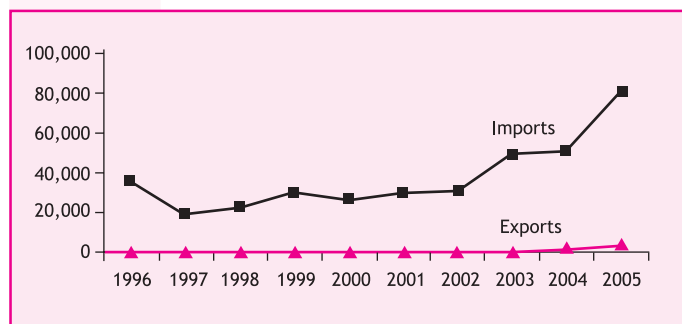
Bulgaria, as a trade partner accounts for 33% of Albania's regional trade volume. Trade with Bulgaria has been always accompanied by a deep trade deficit for Albania (Figure 4.2). Import growth rate in 2005 was highly positive 60% while in 2004 it was in decrease towards 2003. Bulgaria ranks the first in the list of regional countries exporting to Albania in respect of value (imports from Bulgaria reached 80.8 millions of US\$ in 2005) and range of exported products in the Albanian market.

Although there was an increase of Albanian

exports in Bulgaria they still remain minimal (3.5 millions of US\$), showing some positive growth from previous year (2 times) after the entrance into force of Free Trade Agreement between Albania and Bulgaria on September 1, 2003.

Products imported from Bulgaria, represent a diversified portfolio of imported goods. Main imported products during 2005 are bovine animals, electrical transmitters, unprocessed, sunflower oil and sunflower seeds' oil for technical usage, bottles, wheat, special cartoon packages, etc. (see Annex 7 of this report). These top ten imported products represent 49% of total imports from Bulgaria in 2005. It is important to stress out that these products, though partly present in the list of imported products during the previous years, have fairly increased values in 2005. Import demand for them has increased substantially due to growth rates in domestic production industries that use these finished and/or semi-finished products, such as the oil processing industry, construction industry and lack of package & bottling production in Albania that is highly demanded by several agro-

Figure 4.2: Foreign Trade with Bulgaria during the years (in 000 US\$)



The Free Trade Agreement foresees, amid others, the following import duties:

Type of product	Imports of Albania from Bulgaria	Imports of Bulgaria from Albania Industrial
Industrial products	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex II of the agreement, to be fully abolished in 2007. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex II of the agreement.	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex III of the agreement, to be fully abolished in 2007. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex III of the agreement.
Agricultural products	Customs duties <b>0 within quota limits</b> as foreseen in Annex I of Protocol A of the agreement. <b>MFN treatment</b> for products not mentioned in Annex I of Protocol A of the agreement.	Customs duties <b>0 within quota limits</b> as foreseen in Annex II of Protocol A of the agreement. <b>MFN treatment</b> for products not mentioned in Annex II of Protocol A of the agreement.

Source: Free Trade Agreement between the Republic of Albania and Bulgaria

Table 4.2 Export quotas granted to each-other

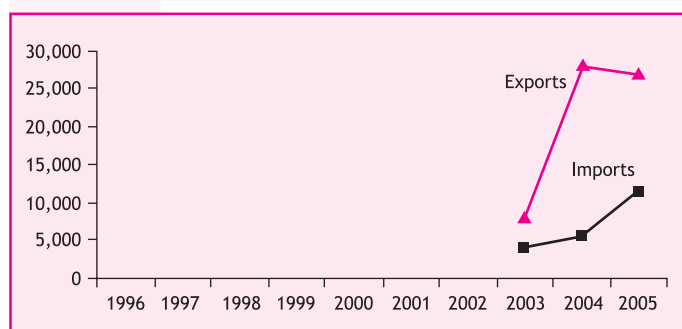
HS Code	Description	Quotas for Albanian exports (tons)	Fulfilled	Quotas for Bulgarian exports (tons)	Fulfilled
1211	Plants and parts of plants	200	32		
1602	Other prepared or preserved meat, meat offal or blood:			80	6
1704	Sugar confectionery (including white chocolate), not containing cocoa:			100	39
2201	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow			1500	111
2202	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading No 2009			1500	72
1806	Chocolate and other food preparations containing cocoa			100	297
04051011	In immediate packings of a net content not exceeding 1 kg			50	20
04051019	Other of butter			50	60
071333	Kidney beans, including white pea beans ( <i>Phaseolus vulgaris</i> )			100	821
08023100	Walnuts in shell			200	580
08023200	Walnuts: shelled			200	64
15010019	Other			100	70
15121191	Sunflower-seed oil			300	781
1904	Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, corn flakes); cereals (other than maize (corn)) in grain form or in the form of flakes or other worked grains (except flour and meal), pre-cooked or otherwise			100	46
20011000	Cucumbers and gherkins			100	20
20019050	Mushrooms			100	7
200520	Potatoes			150	1
200590	Other vegetables and mixtures of vegetables			150	19
200819	Other, including mixtures			150	15
200860	Cherries			150	10

Source: General Customs Directorate, ACIT, Free Trade Agreement between Albania and Bulgaria

processing and other industrial units. Also, the Free Trade Agreement between Albania and Bulgaria foresees for abolishment of import duties for industrial products, while agricultural products that are listed in top imported products from Bulgaria are still under the Most-Favored-Nation Treatment, hence no preferential treatment. This has not impeded the consolidation of several Bulgarian products in the Albanian market.



## 4.3 Trade with Kosovo

**Figure 4.3:** Foreign Trade with Kosovo during the years (in 000 US\$)

Trade with Kosovo has slightly increased during 2005, reaching 15% of Albania's regional trade volume with a value of almost 11 millions of USD in imports (2 times increase towards 2004) and 27 millions of US\$ in exports (almost the same of 2004). Kosovo represents the only trade partner with which Albania has a positive trade balance.

Free Trade Agreement with Kosovo that entered into force on October 1, 2003, has significantly enhanced trade in a wide range of products.

Type of product	Imports of Albania from Kosovo	Imports of Kosovo from Albania
Industrial products	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex II of the agreement, to be fully abolished in 2007. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex II of the agreement.	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex III of the agreement, to be fully abolished in 2007. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex III of the agreement.
Agricultural products	Customs duties <b>abolished upon entry into force</b> of the agreement for all originating products listed in Annexes 1 and 2 of Protocol A of the agreement. Customs duties <b>0 within quota limits</b> as foreseen in Annex 4 of Protocol A of the agreement. <b>MFN treatment</b> for products not mentioned above.	Customs duties <b>abolished upon entry into force</b> of the agreement for all originating products listed in Annexes 1 and 3 of Protocol A of the agreement. Customs duties <b>0 within quota limits</b> as foreseen in Annex 4 of Protocol A of the agreement. <b>MFN treatment</b> for products not mentioned above.

Source: Free Trade Agreement between the Republic of Albania and Kosovo

Most important imported products (see Annex 7 attached to this report) have been some industrial products (transportation vehicles, iron and steel bars, aluminum waste and scrap which are completely liberalized under the Free Trade Agreement and some agricultural products (fresh potatoes and fruit juices), which are also liberalized under the agreement. Top ten imported products represent 66% of total imports from Kosovo.

On the other side, most exported products have been some industrial products (containing

indentations, ribs, grooves or other deformations, bitumen oil, wood furniture), which are almost all liberalized, while most exported agricultural products (representing 30% of total exports to Kosovo towards 78% of 2004), such as decaffeinated coffee, eggs, watermelons, are still out of liberalized lists of products in the Free Trade Agreement.

Quotas have been exchanged for beer only, of which Kosovo has not used for 2005, while Albania has used 6% of the quota (actual exports of beer for 2005 to Kosovo were 31 tons).

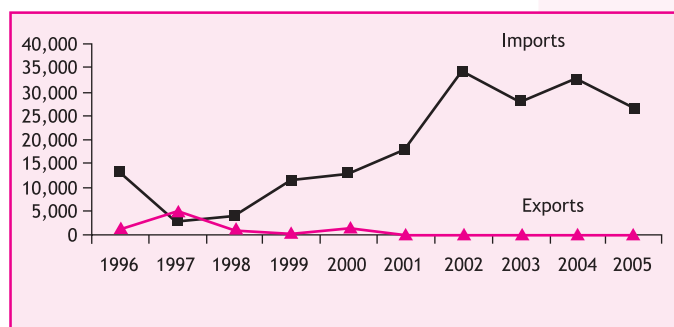


#### 4.4 Trade with Croatia

During 2005 trade with Croatia represented 10% of trade volume with regional countries (17% in 2004). It is also characterized by a high deficit during the years. Imports from Croatia in 2005 reached 26.3 millions of USD (decreased with 20% towards previous year), while exports only 0.2 millions of USD (decreased with 50% towards previous year). Imports from Croatia have registered oscillating values through years with the highest peak in 2002. (See Figure 4.4 below).

Imports are mainly energy product, gas and cements, while exports are some vegetal products, medicinal herbs and wood. More than 200 types of products are imported from Croatia. From the list of top imported ones (see Annex 7 attached to this report), most of them fall under the 0 customs duty regime as foreseen in the Free Trade Agreement between Albania and Croatia. Top ten imported products represent 68% of total imports from Croatia in 2005. Almost all of them have positive growth rates in the Albanian market, when compared with import values of previous years.

**Figure 4.4:** Foreign Trade with Croatia during the years (in 000 US\$)



During 2005 the number of kind of products exported to Croatia from Albania, increased. Four of top exported products are agricultural products (vegetal products, medicinal herbs, cocoa powder, etc.) and the other industrial products (wooden, parts of machineries, metals, etc.) all under the MFN treatment, hence no preferential treatment is granted in the Free Trade Agreement between Albania and Croatia. When compared with previous years almost all products are testing Croatian market for the first time in 2005.

The Free Trade Agreement, which entered into force on June 1, 2003, amid others, foresees the following import duties:

Type of product	Imports of Albania from Croatia	Imports of Croatia from Albania
Industrial products	Customs duties <b>reduced according to a scale</b> for ll originating products listed in Annex II of the agreement, to be fully abolished in 2008 Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex II of the agreement.	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex III of the agreement, to be fully abolished in 2008. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex III of the agreement.
Agricultural products	Customs duties <b>0 within quota limits</b> as foreseen in Annex A of Protocol 1 of the agreement. <b>MFN treatment</b> for products not mentioned in Annex I of Protocol A of the agreement.	Customs duties <b>0 within quota limits</b> as foreseen in Annex B of Protocol 1 of the agreement. <b>MFN treatment</b> for products not mentioned in Annex B of Protocol 1 of the agreement.

Source: Free Trade Agreement between the Republic of Albania and Croatia

Table 4.3 shows a summary of what has happened with concessions exchanged with Croatia. It is important to stress that from a list of 14 product lines foreseen in the agreement as quotas granted to Albania, only two of them have been

currently exported, while from the list of 19 product lines that Albania has granted to Croatia, eight of them have been currently exported from Croatia to Albania.

**Table 4.3:** Export quotas granted to each-other

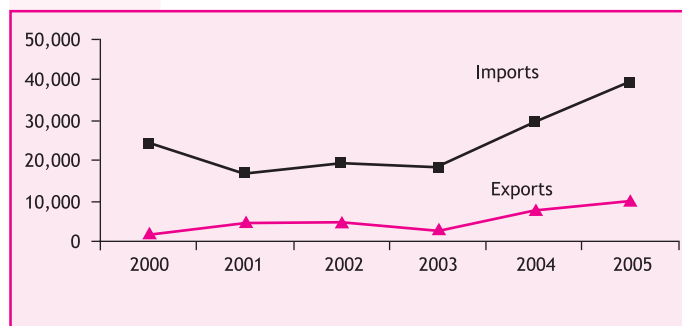
HS Code	Description	Quotas for Albanian exports (tons)	Fulfilled	Quotas for Croatian exports (tons)	Fulfilled
1211	Propane	50	45		
22082012	Cognac	75	1.5		
1001	Wheat and muslin			5000	975
170490	Other			100	3
1806	Chocolate and other food preparations containing cocoa			100	16
1901	Malt extract; food preparations of flour, meal, starch or malt extract, not containing cocoa or containing less than 40 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of heading			250	9.5
1905	Mixes and dough for the preparation of bakers' wares of heading No 1905			200	3.5
2102	Yeasts (active or inactive); other single-cell micro-organisms, dead (but not including vaccines of heading No 3002); prepared baking powders			50	70
2104	Soups and broths and preparations therefore; homogenized composite food preparations			20	6.5
2105	Ice cream and other edible ice, whether or not containing cocoa			50	33.5

Source: General Customs Directorate, ACIT, Free Trade Agreement between Albania and Croatia

#### 4.5 Trade with Macedonia

Macedonia represents the second trade partner in the region for Albania in terms of trade volume. For 2005, trade volume reached 49.8 million US\$, recording a 34% increase in comparison to 2004. This increase comes as a result of the significant increase in both imports (34%) and exports (33%).

**Figure 4.5:** Foreign Trade with Macedonia during the years (in 000 US\$)



Free Trade Agreement with Macedonia has already generated results for both countries in terms of trade volume. Export and import growth rate have been positive, with Albania having a higher export growth rate as mentioned above.

From a variety of more than 1,000 product types, the top ten imported represent 38.6% of total imports from Macedonia during 2005. The top ten list of imported products is almost the same as the previous years conforming a stable market share in the Albanian market. It is interesting to note that most of them are consumer goods. Under the light of trade policies we realize that the most imported industrial products are almost all completely liberalized, while most imported agricultural products are either with MFN treatment (grape), under quota regime (apples) or liberalized (yeast).

Free Trade with Macedonia, foresees amid others, the following customs duties:

Type of product	Imports of Albania from Macedonia	Imports of Macedonia from Albania
Industrial products	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex II of the agreement. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex II of the agreement.	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex III of the agreement. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex III of the agreement.
Agricultural products	Customs duties <b>abolished upon entry into force</b> of the agreement for all originating products listed in Annexes 2.1 and 2.2 of Protocol A of the agreement. <b>Customs duties 0 within quota limits</b> as foreseen in Annex 2.3 of Protocol A of the agreement. <b>MFN treatment</b> for products not mentioned in the annexes above.	Customs duties <b>abolished upon entry into force</b> of the agreement for all originating products listed in Annexes 1.1 and 1.2 of Protocol A of the agreement. <b>Customs duties 0 within quota limits</b> as foreseen in Annex 1.3 of Protocol A of the agreement. <b>MFN treatment</b> for products not mentioned in the annexes above.

Source: Free Trade Agreement between the Republic of Albania and Macedonia

Top ten exported ones represent 82% of total exports to Macedonia during 2005. They are mostly raw industrial products which are completely liberalized. Considerable part of them is mineral products. Increasing exports are recorded for iron, carbon and white cement which are consolidating their position in the Macedonian market. While the only agricultural

product, which is a type of plant used as raw material for pharmaceutical purposes is still exported under the MFN regime.

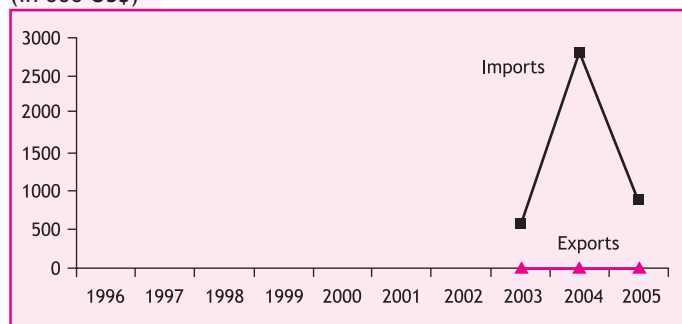
From a list of 10 product lines granted to Albania, only three of them have been actually exported to Macedonia. While, from a list of 8 product lines, four of them have been actually imported (Table 4.4).

Table 4.4: Quotas granted to each - other

HS Code	Description	Quotas for Albanian exports (tons)	Fulfilled	Quotas for Macedonian exports (tons)	Fulfilled
07020000	Tomatoes, fresh or chilled	150	93		
07070005	Cucumbers	100	16		
08071100	Watermelons	2500	254		
0707	Cucumbers and gherkins, fresh or chilled			100	70
080810	Apples			3000	5192
1601	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products			150	10
1704	Sugar confectionery (including white chocolate), not containing cocoa			200	6

Source: General Directorate of Customs, ACIT, Free Trade Agreement between Albania and Macedonia

## 4.6 Trade with Moldova

**Figure 4.6:** Foreign Trade with Moldova during the years (in 000 US\$)

Trade with Moldova has been at minimal levels (Figure 4.6), with low imports from Moldova and very low exports from Albania. Total imports from Moldova in 2005 reached 877 thousands US\$, 3 times lower than 2004 (2.8 million US\$), while exports were only 4 thousand US\$.

Current products imported from Moldova are only 7 types. Five of them are agricultural products which are not included in the liberalized lists of agricultural products in the Free Trade Agreement with Moldova.

Free Trade Agreement with Moldova foresees a reduced scale of customs duties for industrial products and partial liberalization of agricultural products.

Type of product	Imports of Albania from Moldova	Imports of Moldova from Albania
Industrial products	Customs duties <b>reduced according to a scale</b> for all originating products to be abolished in 2007.	Customs duties <b>reduced according to a scale</b> for all originating products to be abolished in 2007.
Agricultural products	Customs duties <b>abolished upon entry into force</b> of the agreement for all originating products listed in Annex 2 of the agreement. Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex 3 of the agreement. <b>MFN treatment</b> for products not mentioned in the annexes above.	Customs duties <b>abolished upon entry into force</b> of the agreement for all originating products listed in Annex 2 of the agreement. Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex 3 of the agreement. <b>MFN treatment</b> for products not mentioned in the annexes above.

Source: Free Trade Agreement between the Republic of Albania and Moldova

#### 4.7 Trade with Romania

Trade with Romania during 2005 represented 9% of Albania's trade volume in the region, registering a 3% increase from 2004. Imports in 2005 reached 20.8 millions of US\$, presenting an increase of 90% from the previous year, while exports increased 7 times reaching a value of 1.6 millions US\$. 2004 was the first year of implementation of Free Trade Agreement between two countries (entering into force on January 1, 2004).

About 120 types of products are imported from Romania, of which top ten ones represent 87% of total imports from Romania. They are mostly industrial products (industrial oils, electrical energy, shampoos, energy products, glass made products, etc.) under the customs duty abolishment regime and only one agricultural product (hybrids) under the MFN treatment. Almost all these products have been present in Albanian market and increased their presence in 2004.

Exports of Albania to Romania are concentrated in 10 products which represent 98% of total imports from Albania. The most important

**Figure 4.7:** Foreign Trade with Romania during the years (in 000 US\$)



exported products are ferroalloys, wooden furniture and worn clothes. All these products have been exported for the first time during 2004. They are almost all under the zero customs duty regime.

From a list of 15 product lines under export quota granted from Romania to Albania none have been exported (see table 4.5), showing unused export quotas, while Romania has exported only two products from the quota list of 17 product lines that Albania has granted to Romania under the Free Trade Agreement.

The Free Trade Agreement with Romania, amid others, foresees the following import duties between the parties:

Type of product	Imports of Albania from Romania	Imports of Romania from Albania
Industrial products	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annexes B & C of Protocol 1 of the agreement, to be fully abolished respectively in 2007 and 2005. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annexes B & C of Protocol 1 of the agreement.	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex A of Protocol 1 of the agreement, to be fully abolished in 2007. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex A of Protocol 1 of the agreement.
Agricultural products	Customs duties <b>0 within quota limits</b> as foreseen in Article 3 of Protocol 2 of the agreement. <b>MFN treatment</b> for products not mentioned above.	Customs duties <b>0 within quota limits</b> as foreseen in Article 2 of Protocol 2 of the agreement. <b>MFN treatment</b> for products not mentioned above.

Source: Free Trade Agreement between the Republic of Albania and Romania

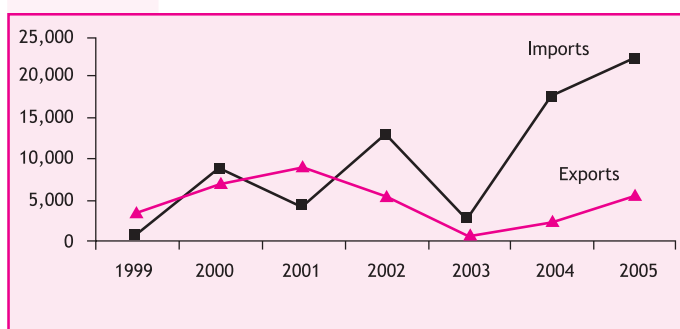
**Table 4.5** Export quotas granted to each-other

HS Code	Description	Quotas for Albanian exports (tons)	Fulfilled	Quotas for Romanian exports (tons)	Fulfilled
080231	Walnuts in shell			130	1
080232	Walnuts shelled			130	14

#### 4.8 Trade with Serbia and Montenegro

Trade with Serbia and Montenegro has fluctuated during the years (Figure 4.8). The trade between the countries in 2005 was characterized by a constant increase of the trade volume (38% from 2004). Its share in Albania's regional trade volume in 2005 reached 11% representing a slight increase towards 2004 (10%). Imports reached 22.1 millions of US\$ in 2005 (26% increase from 2004), while exports were 5.5 millions of US\$ (129% increase from 2004).

**Figure 4.8:** Foreign Trade with Serbia & Montenegro during the years (in 000 US\$)



While about 250 kinds of products were imported from Serbia and Montenegro during 2005, top ten important ones (see Annex 7 attached to this report) have been paper, sugar, apples, hybrids, etc. representing 48% of total imports from Serbia and Montenegro. These products have been present in Albanian market during the previous years, while their presence has been considerably increased during 2005. Most imported industrial products are under the Reduced Scale customs' duty regime, while most imported agricultural products, except for some wheat categories, fall under the MFN treatment.

On the other side, Albanian exports to Serbia and Montenegro are limited in number, where the most important ones are bitumen, wooden furniture, decaffeinated coffee, fish, etc. These products have been traditionally exported to Serbia and Montenegro and have experienced a slight increase during 2005. Except for fish and decaffeinated coffee that are under the MFN treatment, the other originating products are completely liberalized.

Only three products from the list of 21 product lines, for which Serbia and Montenegro has granted concessions to Albania, have been exported while the table below (Table 4.6) shows export quotas that have been used by Serbia and Montenegro in Albania. (11 products on 24 products lines accorded)

Free Trade with Serbia and Montenegro entered into force on August 1, 2004. Amid others, the agreement foresees the follow:

Type of product	Imports of Albania from Serbia and Montenegro	Imports of Serbia and Montenegro from Albania
Industrial products	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex II of the agreement, to be fully abolished in 2007. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex II of the agreement.	Customs duties <b>reduced according to a scale</b> for all originating products listed in Annex III of the agreement, to be fully abolished in 2007. Customs duties <b>abolished upon entry into force</b> of the agreement for all products that are not listed in Annex III of the agreement.
Agricultural products	Customs duties <b>abolished upon entry into force</b> of the agreement for all originating products listed in Annex A of Protocol A of the agreement. <b>Customs duties 0 within quota limits</b> as foreseen in Annex B1 of Protocol A of the agreement. <b>MFN treatment</b> for products not mentioned above.	Customs duties <b>abolished upon entry into force</b> of the agreement for all originating products listed in Annex A of Protocol A of the agreement. <b>Customs duties 0 within quota limits</b> as foreseen in Annex B2 of Protocol A of the agreement. <b>MFN treatment</b> for products not mentioned above.

Source: Free Trade Agreement between the Republic of Albania and Serbia & Montenegro



Table 4.6 Export quotas granted to each-other

HS Code	Description	Quotas for Albanian exports (tons)	Fulfilled	Quotas for Serbian exports (tons)	Fulfilled
0702	Tomatoes, fresh or chilled	750	19.5		
08071100	Watermelons	200	204		
2105	Ice cream and other edible ice, whether or not containing cocoa	100	1.7		
1001	Wheat and meslin			2500	1135
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit			200	150
1101	Pure-bred breeding animals			2500	2227
110313	Of maize (corn)			5000	484
15121991	Sunflower-seed oil			500	12
1601	Sausages and similar products, of meat, meat offal or blood			100	27
2104	Soups and broths and preparations therefor; homogenised composite food preparations			100	2
2105	Ice cream and other edible ice, whether or not containing cocoa			100	13
2203	Beer made from malt			200	976
2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading No 2009			200	55
22082026	Grappa			200	6

Source: General Customs Directorate, ACIT, Free Trade Agreement between Albania and Serbia-Montenegro

#### Box 4 Using GTAP for measuring effects of the upcoming trade liberalization steps on the Albanian food sector; a case study\*

The Global Trade Analysis Project (GTAP) is coordinated by the Center for Global Trade Analysis, which is housed in the Department of Agricultural Economics, Purdue University. This project is a global network of researchers and policy makers conducting quantitative analysis of international policy issues. GTAP's goal is to improve the quality of quantitative analysis of global economic issues within an economy-wide framework. Since its inception in 1993, GTAP has rapidly become a common "language" for many of those conducting global economic analysis.

The GTAP database consists in aggregated data and is composed by 87 regions and 57 sectors/commodities. It permits to experiment on trade liberalization by removing or reducing tariffs between two or more countries for one or more of the 57 representing commodities.

As we know, Albania has signed Free Trade agreements with the countries of the region and is implementing them gradually. This study aims to watch the effects of the final step of the implementation of these agreements, the full trade liberalization. As it is a very sensitive sector, the main focus will be on the agriculture products. The sectors chosen are divided in four aggregated groups: agriculture products, processed food, manufactures and services. To identify clearly the trade flows, the representing countries chosen are: Bulgaria, Croatia and Romania. We also can watch the effects that this liberalization will have on trade with Italy and Greece, as they are the main trade partners of Albania.

The results of this experiment show clearly the trends of trade between these countries after that we removed the tariffs. As we can see in table 1, the GTAP program calculated that trade volume with these countries increases very fast especially in the case of trade with Bulgaria and Romania. Albanian imports from Bulgaria and Romania would grow sensitively.

Other interesting change regards the market price of agriculture products. In all these countries (except of Italy and Greece), the price decreases with an average of 7 %. It is obvious that these

Table 1. Exports and imports changes of Albania after liberalization.

Agriculture products	Imports (%change)	Exports (%change)
Bulgaria	244	31
Croatia	22	27
Romania	231	22
Italy	2.5	- 4
Greece	- 4.2	- 3

progressive decreases of price are due to the higher level of competitiveness that liberalization would introduce.

Looking at the data that the model offers, it seems that Albania will increase its total export of agriculture products, but it is not right. If we take a look at what happens to total exports of this sector we note a slight increase. Thereby, the percentage increase of exports that we see for Albanian products in Bulgaria, Croatia and Romania can be considered just as transfers from one market (Italy and Greece in this case) to another one. This comes from the possibilities for accession in new and advantageous markets. As we know Italy holds a considerable part of the trade volume with Albania, thereby a decrease (even if it is slight) of it influences as well the total trade volume.

Another fact for the effects mentioned above can be noted if we take a look at what happens to production. It is the same effect as in the total exports. There would be a very small increase.

Thereby, according to the model of GTAP the liberalization of the regional market of agriculture products would orient Albanian trade towards the region countries and would decrease trade with the other partners, but it will not increase total trade volume and production of the sector.

Although the figures that GTAP model offers have to be considered relatively (due to different reasons, as the non-updated database, etc.), they are important because they show a clear trend about trade with these countries.

\* The full version of the paper will be soon available on the website of ACIT ([www.acit-al.org](http://www.acit-al.org))

## 5. Changes in the Albanian legal framework related to trade

During the year 2005, changes in the Albanian legislation related to foreign trade were concentrated in the following issues:

### **Tariffs reduction and other administrative regulation related to customs.**

Import tariffs were further liberalised and reduced in order to comply with Albania's WTO commitments. The law 9462 provides detailed information on a product level of this reduction. Other laws adopted during 2005 were the Customs Code and the Nomenclature of goods. With their implementation will be aimed a better administration of the custom tariff, foreign trade statistics and other policies.

### **Bilateral agreements with region countries for economic, trade and technical cooperation**

These include agreements with countries of the region, Serbia and Montenegro, Greece, Moldova, Turkey and Slovenia. This cooperation has been specified to consist in assistance on customs issues as in the case of Slovenia or Serbia and Montenegro and mostly the aim of cooperation is on economic development. Since most of these agreements covered from various DCM-s are in their initial phase their impact and concentration on trade is to be observed in the future.

### **Laws restricting trade of product harming the environment**

Import of products affecting negatively the ozone layer and the import of waste categories for depositing according to the Albanian Catalogue of Waste Classification, was impeded by specific law.

### **Assistance for the domestic production of agricultural goods**

Various laws and DCM-s facilitate the domestic production of agricultural goods. In this category is included the law 9441 that regulates the production, trading and distribution of dairy products and DCM-s that aims to compensate the costs of agricultural production through the reduction of the **excise** of gas-oils used in agriculture or others like (DCM Nr. 114) that supports the growth of agricultural production.

### **SME promotion.**

DCM Nr. 439 and Nr. 326 are decisions which aim the promotion and development of Albanian SME-s as an important component of the Albanian economy.

### **Technical and economic assistance from developed countries**

Technical and economic assistance from developed countries continued to be one of the issues addressed in the Albanian legislation. This technical assistance is in the form of grants for economic development and for the development of natural resource (IDA).

### **Government assistance on economic development**

This assistance is materialized in different ways f.e through DCM-s treating the reduction of barriers on direct investments (**Guideline** No. 63), through the classification and definition of state aid (Law 9374), regional aid etc. and their implementation. Another important government decree is the approval of the strategy implementation for economic and social development for 2005-2008 (DCM 519)



## Some of the Laws and Decisions issued during 2005

- Law no. 9351, 03/03/05: "On the ratification of the agreement between Albania and UNMIK for the prevention of double taxation and fiscal evasion"
- Law no. 9374, 21/04/05: "On State aid"
- Law no. 938,0 23/04/05: "On the copyright and other rights related to"
- Law no. 9832, 04.05.05: "On the ratification of the Convent between Albania and the Council of Ministers of Serbia and Montenegro for the prevention of double taxation on income tax and capital income"
- Law no. 9402, 19.05.05: "On the ratification of the Convent between Albania and the Council of Ministers of Serbia and Montenegro for the prevention of double taxation on income tax and capital income"
- Law no. 9441, 11.11.05: "For the production, collection, procession and trade of dairy products"
- Law no. 9461, 21.12.05: "On the Nomenclature of goods and customs tariff"
- Law no. 9462, 21.12.05: "On some additions on the law no. 8981, 12.12.02 "On approval of the customs tariff level" modified"
- DCM no. 35, 13/01/05: On the approval of the agreement between Albania and the Government of the Moldova Republic for the cooperation on public veterinary health"
- DCM no. 43, 25/01/05: "On the approval in principle of the 8<sup>th</sup> session protocol of the Albanian and Turkish common inter-governmental commission for the economic, trade, industrial and technical cooperation"
- DCM no. 674, 26/10/05: "Law project on the ratification of the financial agreement between Albania and the European Commission for the annual project Cards 2005 for Albania"
- DCM no. 231, 15/04/05: "On the approval in principle of the agreement of development loan between Albania and the International Development Association (IDA) on the framework of project of the Europe Energy community"
- DCM no. 114 25/02/05: "On the approval of the use of the Japanese counterparty fond for the growth of alimentary production "
- DCM no. 117, 18/02/05: "The project-law on the ratification of the agreement between Albania and China government for prevention of fiscal evasion related to tax and capital income"
- DCM no. 154 09/03/05: "On the approval of the agreement between Albania and the government of the Republic of Slovakia for cooperation and assistance on customs issues"
- DCM no.167, 25/03/05: "On the approval in principle of the 9<sup>th</sup> session of the Albanian-Greek common inter-governmental committee for economic technical and scientific cooperation"
- DCM no.103 18/02/05: "On the approval in principle of the agreement between the Council of Ministers of Albania and the government of Montenegro for reciprocal assistance on customs issues"
- DCM no. 56, 28/01/05: "On the definition of the production and trade margins for medicals"
- DCM no. 301 06/05/05: "On the approval in principle of the agreement of the loan between Albania and the International Development Association (IDA) for the natural resources development"
- DCM no. 317, 13.05.05: " On the approval of the accounting plan for the approximation of the in country legislation with the European Union legislation deriving from the Association - Stabilization Agreement "

- DCM no. 326, 13.05.05: "On the approval of the agreement between the Council of Ministers and government of Italy for the development of private sector and aid and assistance for small enterprises"
- DCM no. 519, 08.07.05: "On the approval of the document "Implementation of national strategy for economic and social development during 2004, objectives and long-term vision, plan of priority activities 2005-2008"
- DCM no. 540, 27.07.05: "On the approval of the protocol of the common Albanian-Austrian commission for economic cooperation"
- DCM no. 371, 31.05.05: "On the approval of the Memorandum between the Republic of Albania and the government of the Kingdom of Holland for the cooperation in markets in developments PSOM"
- DCM no. 439, 16.06.05: "On the approval of the agreement on credit between Albania and Creditanstalt Frankfurt for the project on the promotion of SME-s"
- DCM no. 453, 23.06.05: "On the approval of the list equipment using ozone diminishing materials which are not allowed to be produced or imported and also procedures of replacement of ozone diminishing material in the actual equipments"
- Guideline no. 63, 27.05.05: "Regarding the creation of the central comity for the implementation of the reform on removal of investment barriers"
- DCM no. 473, 23/06/2005: "On the approval of the agreement between Albania and the Council of Ministers of Serbia and Montenegro for trade and economic cooperation"
- DCM no. 703, 16/11/2005: "For the supply of gas-oil without the excise on the agricultural mechanics used for the production and processing of milk"
- DCM no. 686, 02/11/2005: "For some changes and adds in the DCM 205 on the 13.04.99 for the approval of implementing dispositions of the Customs Code of the Rep. Of Albania"
- DCM no. 712, 18/11/05: "For specific agreement between Sweden and Albania on the taxation field"
- DCM no. 815, 28/12/05: "On the approval of the regulation on regional aid"
- DCM no. 835, 28/12/05: "For the approval of the list of the dangerous waste products that are not allowed to be imported for depositing or elimination purposes"

**Annex 1: Top imported/exported products, 8 digits level, for each section of HS**

Imports		Value (000 US\$)
Session 1, HS8	Live animals: animal origin products	
02032955	Boneless	10,022
02071290	Plucked and drawn, without heads and feet and without necks, hearts, livers and gizzards, known as "65 % chickens", or otherwise presented	7,746
02023090	Other	6,135
01029021	For slaughter	5,236
02071460	Legs and cuts thereof	4,133
03056300	Anchovies ( <i>Engraulis</i> spp.)	2,880
04069078	Gouda	1,951
01029041	For slaughter	1,553
02090011	Fresh, chilled, frozen, salted or in brine	1,538
01039219	Other	1,364
Session 2 HS8		
	Vegetable products	
10019091	Common wheat and meslin seed	32,050
08081090	Apples	12,874
10011000	Durum wheat	11,405
08030019	Bananas, including plantains, fresh or dried:	8,345
11010015	Of common wheat and spelt	7,630
10059000	Other	5,175
09011100	Not decaffeinated	4,532
08051030	Navelines, Navelines, Navelines, Salustianas, Vernas, Valencia lates, Maltese, Shamoutis, Ovalis, Trovita and Hamlin	4,458
08052010	Clementines	3,741
07020000	Tomatoes, fresh or chilled	3,343
Session 3 HS8		
	Animal grease and oils or vegetal and its products	
15121191	Sunflower-seed oil	8,370
15121910	For technical or industrial uses other than the manufacture of foodstuffs for human consumption	6,887
15121991	Sunflower-seed oil	5,492
15121990	Other	3,707
15099000	Other	3,327
15171090	Margarine, excluding liquid margarine	2,312
15121110	For technical or industrial uses other than the manufacture of foodstuffs for human consumption	1,027
15171010	Containing more than 10 % but not more than 15 % by weight of milkfats	824
15091090	Other	472
15152990	For technical or industrial uses other than the manufacture of foodstuffs for human consumption	340
Session 4 HS8		
	Prepared food; drinks, alcoholic beverages and vin	
24022090	Cigarettes containing tobacco:	45,997
17019910	White sugar	12,685
16041600	Anchovies	8,188
22021000	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	7,063
21069092	Containing no milkfats, sucrose, isoglucose, glucose or starch or containing less than 1,5 % milkfat, 5 % sucrose or isoglucose, 5 % glucose or starch	6,712
19059060	With added sweetening matter	6,557
22030001	In bottles	6,524
19059045	Biscuits	5,562
17019100	Containing added flavouring or colouring matter	5,278
22030009	Beer made from mal	4,678

Session 5, HS8	Mineral products	Value (000 US\$)
27101945	With a sulphur content exceeding 0,05% by weight but not exceeding 0,2% by weight	122,338
25232900	Other	65,158
27101145	With an octane number of 95 or more but less than 98	24,141
27111397	Butanes	13,378
27101941	With a sulphur content not exceeding 0,05% by weight	12,338
25231000	Cement clinkers	11,601
27111100	Natural gas	10,069
27111211	For use as a power or heating fuel	8,264
27160000	Electrical energy	7,670
25151100	Crude or roughly trimmed	6,098
Session 6, HS8	Chemical industrial products or alloys	
30049019	Put up in forms or in packings of a kind sold by retail	23,944
34022090	Washing preparations and cleaning preparations	18,763
30041090	Containing penicillins or derivatives thereof, with a penicillanic acid structure, or streptomycins or their derivatives	14,640
30049099	Other	7,366
33051000	Shampoos	4,756
30039090	Other	4,502
34022020	Surface-active preparations	4,253
30033900	Other	4,144
30042010	Put up in forms or in packings of a kind sold by retail	3,845
33059090	Preparations for use on the hair	3,416
Session 7, HS8	Plastic and its products; tire and its products	
39233010	Of a capacity not exceeding two litres	6,612
40111000	Of a kind used on motor cars (including station wagons and racing cars)	3,714
39269099	Rubber and articles thereof	3,122
39011090	Polyethylene having a specific gravity of less than 0,94	3,048
39012090	Other	2,589
39042200	Plasticized	2,184
39031100	Expansible	2,039
39235090	Stoppers, lids, caps and other closures	1,852
39241000	Tableware and kitchenware	1,752
39095090	Polyurethanes	1,740
Session 8, HS8	Unprocessed and processed leather, coats and their	
41120000	Processed leather	17,338
41071990	Other	14,469
41071910	Other of leather	6,110
41071211	Other	5,982
41141090	Other of animals	1,582
41071111	Processed leather	1,209
41071291	Cow leather	936
41071119	Other	874
41079910	Cow leather	762
42021299	With outer surface of plastics or of textile materials	714
Session 9, HS8	Wood and its products; charcoal; cork and its prod	
44103200	Melamine	9,840
44111110	Fibreboard with medium density (MDF)	4,763
44071031	Spruce of the kind "Picea abies Karst." or silver fir (Abies alba Mill.)	3,720
44071093	Pine of the kind of "Pinus sylvestris L."	2,054
44182080	Doors and their frames and thresholds:	1,553
44071091	Spruce of the kind "Picea abies Karst." or silver fir (Abies alba Mill.)	1,449
44079997	Other	1,360
44111910	Fibreboard with medium density (MDF)	1,214
44111990	Fibreboard of a density exceeding 0,5 g/cm <sup>3</sup> but not exceeding 0,8 g/cm <sup>3</sup> :	1,184
44071098	Of tropical wood specified in subheading note 1 to this chapter:	1,139

Session 10, HS8	Wood or other fiber, cellulose, paper or cartoon	Value (000 US\$)
48191000	Cartons, boxes and cases, of corrugated paper or paperboard	5,014
48194000	Other sacks and bags, including cones	4,909
48010000	Newsprint, in rolls or sheets	2,480
48025700	Other	2,062
48193000	Sacks and bags, having a base of a width of 40 cm or more	1,949
49019900	Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets	1,747
48030090	Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface- coloured, surface-dec (Format A4)	1,620
48025610	Corrugated paper and paperboard, whether or not perforated	1,355
48081000	In sheets	1,061
48025890		1,015
Session 11, HS8	Textile and its products	
62034235	Trousers and breeches	16,438
62052000	Of cotton	12,395
61091000	Of cotton	12,215
63090000	Worn clothing and other worn articles	9,084
55151210	Unbleached or bleached	8,877
62171000	Accessories	8,440
59039099	Other	8,302
62034231	Of denim	7,938
61061000	Of cotton	7,076
61071100	Of cotton	6,575
Session 12, HS8	Footwear and hats, umbrellas and parasols, walking	
64061090	Of other materials	12,609
64061011	Uppers	10,943
64035195	For men	10,542
64061019	Parts of uppers	9,992
64062010	Of rubber	2,992
64021900	Other	2,506
64029950	Slippers and other indoor footwear	2,417
64041100	Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes and the like	2,147
64059010	With outer soles of rubber, plastics, leather or composition leather	2,078
64031900	Sports footwear	1,116
Session 13, HS8	Stone, gypsum, cement products...	
69081090	Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm	19,077
69089091	Stoneware	14,631
69041000	Building bricks	9,468
69101000	Of porcelain or china	4,828
69051000	Roofing tiles	3,789
69089099	Other	2,822
68029310	Polished, decorated or otherwise worked, but not carved, of a net weight of 10 kg or more	2,780
68071010	Roofing and facing products	2,158
70052935	Exceeding 3,5 mm but not exceeding 4,5 mm	2,130
69109000	Ceramic sinks, wash basins, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures	1,976

Session 14, HS8	Natural or cultivated pearls, jewelry...	Value (000 US\$)
71171999	Imitation jewellery	671
71171910	With parts of glass	187
71141100	Of silver, whether or not plated or clad with other precious metal	92
71179000	Other	77
71131100	Of silver, whether or not plated or clad with other precious metal	35
71069190	Of a fineness of less than 999 parts per 1 000	19
71189000	Other	12
71159010	Of precious metal	10
71011000	Natural pearls	7
71171991	Gilt, silvered or platinum plated	6
Session 15, HS8	Main metals and their products	
72142000	Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling	33,501
72149979	Containing by weight less than 0,25 % of carbon	19,565
83016000	Parts	15,789
76041090	Profiles	14,579
83089000	Other, including parts	12,290
72139149	Containing by weight more than 0,06 % but less than 0,25 % of carbon	12,103
76012091	In ingots or in liquid state	11,800
72149910	Of a type used for concrete reinforcement	10,833
72044990	Fragmentized (shredded)	8,037
76129098	Less than 50 litres	6,677
Session 16, HS8	Mechanic, electric machinery and equipment ...	
84742090	Mixing or kneading machines:	29,641
84733090	Parts and accessories of the machines of heading No 8471	14,129
85042300	Having a power handling capacity exceeding 10 000 kVA	9,505
84501111	Front-loading machines	8,676
85372091	For a voltage exceeding 1000 V but not exceeding 72,5 kV	8,665
85030099	Parts suitable for use solely or principally with the machines of heading No 8501 or 8502:	8,463
85445910	Wire and cables, with individual conductor wires of a diameter exceeding 0,51 mm	7,244
84182191	Not exceeding 250 litres	5,679
85445980	For a voltage exceeding 80 V but less than 1 000 V	5,522
85446090	With other conductors	5,412
Session 17, HS8	Vehicles	
87033290	Used	25,210
87033219	Other	12,650
87059090	Other	8,804
87032390	Used	7,882
87042139	With engines of a cylinder capacity not exceeding 2 500 cm <sup>3</sup>	7,212
87042199	Used	7,120
87033390	Used	7,104
87089998	Of closed-die forged steel	6,469
87033319	Other	6,086
87042299	Of a gross vehicle weight exceeding 5 tonnes but not exceeding 20 tonnes	5,812

Session 18, HS8	Optic, photographic, cinematographic, measuring, .	Value (000 US\$)
90181990	Other	3,488
90189085	Other instruments and appliances:	3,340
90283011	For single-phase	2,136
90230010	Of a type used for teaching physics, chemistry or technical subjects	1,841
90184990	Other	1,814
90192000	Ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic respiration apparatus	1,421
90183900	Other instruments and appliances, used in dental sciences	1,343
90283019	For multi-phase	970
90189030	Renal dialysis equipment (artificial kidneys, kidney machines and dialysers)	943
90091200	Operating by reproducing the original image via an intermediate onto the copy (indirect process)	759
Session 19 HS8	Weapons and munitions and their equipment	
93062100	Cartridges	565
93032095	Other sporting, hunting or target-shooting shotguns, including combination shotgun- rifles:	326
93063091	Centrefire cartridges	147
93032010	Single-barrelled, smooth bore	129
93069090	Other	31
93039000	Other sporting, hunting or target-shooting shotguns, including combination shotgun- rifles:	25
93033000	Other sporting, hunting or target-shooting rifles	22
93062940	Cases	13
93063098	Other cartridges and parts thereof:	11
93062970	Other	11
Session 20, HS8	Different manufactured products	
94036010	Wooden furniture of a kind used in the dining room and the living room	3,196
94060038	Prefabricated buildings:	2,783
94035000	Wooden furniture of a kind used in the bedroom	2,658
96062900	Buttons, press-fasteners, snap-fasteners and press- studs, button moulds and other parts of these articles; button blanks:	2,583
95039032	Not mechanically operated	2,508
96062100	Of plastics, not covered with textile material	2,332
94018000	Other seats	1,996
94060031	Greenhouses	1,965
94036090	Other wooden furniture	1,886
94016900	Other seats, with metal frames:	1,809
Session 21, HS8	Works of art, collection and antics pieces	
97011000	Paintings, drawings and pastels	123
97040000	Postage or revenue stamps, stamp-postmarks, first- day covers, postal stationery (stamped paper), and the like, used, or if unused not of current or new issue in the country to which they are destined	9
97060000	Antiques of an age exceeding one hundred years	9
97019000	Paintings, drawings and pastels, executed entirely by hand, other than drawings of heading No 4906 and other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques:	6
97020000	Original engravings, prints and lithographs	3
97030000	Original sculptures and statuary, in any material	1



Exports		Value (000 US\$)
Session 1, HS8	Live animals: animal origin products	
01061100	Pigeons	808
03026999	Other of fish	610
04070030	Other of poultry	584
02061099	Other of bovine animals	230
03025090	Other of cod	228
03032180	Other of fish	219
03037919	Other of freshwater fish	134
03019200	Eels ( <i>Anguilla</i> spp.)	114
05080000	Coral and similar materials, unworked or simply prepared but not otherwise worked; shells of molluscs, crustaceans or echinoderms and cuttle bone, unworked or simply prepared but not cut to shape, powder and waste thereof	101
03026925	Other of saltwater fish	86
Session 2, HS8	Vegetable products	
12119097	Other of plants	7,834
12119075	Sage ( <i>Salvia officinalis</i> )(leaves and flowers)	3,778
12119098	Other of flowers	2,529
09012100	Coffee roasted not decaffeinated	1,250
07133100	Beans of the species <i>Vigna mungo</i> (L.) Hepper or <i>Vigna radiata</i> (L.) Wilczek	680
08071100	Watermelons	620
12119030	Tonquin beans	491
06029099	Other of flowers	265
13021991	Medicinal	178
12102090	Other of hop cones	175
Session 3, HS8	Animal grease and oils or vegetal and its products	
15121990	Sunflower-seed oil	239
15152990	Other of crude oil	17
15091010	Lampante virgin olive oil	14
15100010	Crude oils	12
15149910	For technical or industrial uses other than the manufacture of foodstuffs for human consumption	12
15162010	Hydrogenated castor oil, so called "opal-wax"	6
Session 4, HS8	Prepared food; drinks, alcoholic beverages and vin	
16041600	Anchovies	16,112
22021000	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	6,002
24012060	Sun-cured Oriental type tobacco	3,197
24011060	Sun-cured Oriental type tobacco	2,002
20049098	Other vegetables	659
20057090	Other of olives	522
18061020	Containing 5 % or more but less than 65 % by weight of sucrose (including invert sugar expressed as sucrose) or isoglucose expressed as sucrose	210
22082012	Cognac	205
24022090	Other of tobacco	195
16041100	Salmon	146
Session 5, HS8	Mineral products	
27090090	Other of petroleum	9,892
26100000	Chromium ores and concentrates	6,551
27132000	Petroleum bitumen	6,394
26011100	Non-agglomerated	3,074
26030000	Copper ores and concentrates	2,940
27149000	Other of bitumen	2,052
25232900	Other of cement	867
25169000	Other monumental or building stone:	633
25162200	Merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape:	228
26190099	Other	188



Session 6, HS8	Chemical industrial products or alloys	Value (000 US\$)
28112300	Sulphur dioxide	310
28151200	In aqueous solution (soda lye or liquid soda)	308
38249099	Other	287
34022020	Surface-active preparations	251
30049019	Other	183
30042010	Put up in forms or in packings of a kind sold by retail	180
30041090	Other	166
31053000	Diammonium hydrogenorthophosphate (diammonium phosphate)	116
30042090	Other	104
34039990	Other	80
Session 7, HS8	Plastic and its products; tire and its products	
39231000	Boxes, cases, crates and similar articles	1,103
40021900	Styrene-butadiene rubber (SBR); carboxylated styrene-butadiene rubber (XSBR):	585
39232100	Of polymers of ethylene	425
39241000	Tableware and kitchenware	288
39232910	Of polyvinyl chloride	177
40169390	Gaskets, washers and other seals:	161
39232990	Of other plastics:	146
39233010	Of a capacity not exceeding two litres	144
39251000	Reservoirs, tanks, vats and similar containers, of a capacity exceeding 300 litres	141
39233090	Of a capacity exceeding two litres	140
Session 8, HS8	Unprocessed and processed leather, coats and their	
41012030	Wet salted	2,922
41041190	Of bovine (including buffalo) animals :	1,808
41062110	Not split	1,231
41021010	Of lambs	687
41044119	Full grains, unsplit; grain splits :	632
41044190	Other	598
41021090	With wool on:	497
41071119	Other	426
41012050	Dread or dry-salted	398
41131000	Other	311
Session 9, HS8	Wood and its products; charcoal; cork and its prod	
44079200	Of beech (Fagus spp.):	2,315
44140090	Of other wood	1,619
44219098	Other of wood	1,449
44020000	Wood charcoal (including shell or nut charcoal), whether or not agglomerated	830
44190090	Of other wood	637
44151010	Cases, boxes, crates, drums and similar packings	455
44071098	Other	407
44011000	Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms	346
44071015	Finger-jointed, whether or not planed or sanded	341
44071038	Other	267
Session 10, HS8	Wood or other fiber, cellulose, paper or cartoon	
48194000	Other sacks and bags, including cones	5,587
48193000	Sacks and bags, having a base of a width of 40 cm or more	2,730
48173000	Boxes, pouches, wallets and writing compendiums, of paper or paperboard, containing an assortment of paper stationery	770
49070030	Banknotes	258
48191000	Cartons, boxes and cases, of corrugated paper or paperboard	186
49019900	Other of printed books, brochures, leaflets and similar printed matter, whether or not in single sheets:	116
49070010	Postage, revenue and similar stamps	84
48192090	With a weight of the paper or the paperboard of 600 g/m2 or more	83
48195000	Other packing containers, including record sleeves	56
48185000	Articles of apparel and clothing accessories	52

Session 11, HS8	Textile and its products	Value (000 US\$)
62034235	Other	35,377
62052000	Of cotton	25,797
61091000	Of cotton	16,591
61061000	Of cotton	13,069
62034231	Of denim	12,126
61082100	Of cotton	9,088
61071100	Of cotton	7,688
62069090	Other of women's or girls' blouses, shirts and shirt- blouses:	6,387
62171000	Accessories	5,547
62114210	Aprons, overalls, smock-overalls and other industrial and occupational clothing (whether or not also suitable for domestic use)	4,245
Session 12, HS8	Footwear and hats, umbrellas and parasols, walking	
64061090	Of other materials	88,275
64061011	Uppers	25,817
64051000	With uppers of leather or composition leather:	14,613
64035195	For men	12,953
64061019	Parts of uppers	9,667
64035995	For men	9,338
64035911	With sole and heel combined having a height of more than 3 cm	8,110
64059010	With outer soles of rubber, plastics, leather or composition leather	3,293
64035115	For men	1,793
64032000	Footwear with outer soles of leather, and uppers which consist of leather straps across the instep and around the big toe	1,548
Session 13, HS8	Stone, gypsum, cement products...	
69120010	Of common pottery	576
69149010	Of common pottery	554
68010000	Setts, curbstones and flagstones, of natural stone (except slate)	393
69079093	Earthenware or fine pottery	363
70181019	Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass smallwares :	347
69041000	Building bricks	249
68099000	Other articles	150
68029190	Marble, travertine and alabaster:	94
68021000	Tiles, cubes and similar article, whether or not rectangular (including square), the largest surface of which is capable of being enclosed in a square the side of which is less than 7 cm; artificially coloured granules, chippings and powder	84
69029000	Containing, by weight, more than 50 % of alumina (Al <sub>2</sub> O <sub>3</sub> ), of silica (SiO <sub>2</sub> ) or	43
Session 14, HS8	Natural or cultivated pearls, jewelry...	
71171910	With parts of glass	771
71171999	Other	163
71061000	Powder	90
71179000	Other	85
71141100	Of silver, whether or not plated or clad with other precious metal	49
71069110	Of a fineness of not less than 999 parts per 1 000	0
Session 15, HS8	Main metals and their products	
72024110	Containing by weight more than 4 % but not more than 6 % of carbon	28,998
83014011	Cylinder	17,372
72142000	Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling	7,483
76020090	Scrap	4,945
74040099	Other	4,398
72044910	Fragmentized (shredded)	4,278
76041090	Profiles	3,260
74040091	Of copper-zinc base alloys (brass)	2,917
83021090	Other	2,405
74040010	Of refined copper	2,359

Session 16, HS8	Mechanic, electric machinery and equipment ...	Value (000 US\$)
85030099	Other	3,107
85445910	Wire and cables, with individual conductor wires of a diameter exceeding 0,51 mm	2,682
84733090	Parts and accessories of the machines of heading No 8471:	1,829
85366190	Lamp-holders	1,819
85459090	Heating resistors	1,422
85352900	For a voltage of less than 72,5 kV	1,243
85011091	Universal AC/DC motors	943
85179011	Electronic assemblies	752
84314300	Parts for boring or sinking machinery of subheading No 8430 41 or 8430 49	672
84139190	Of pumps	641
Session 17, HS8	Vehicles	
87089998	Of closed-die forged steel	560
87033219	Used	329
86090090	Other	187
87032390	Used	143
88033090	Other	123
87033319	Motor caravans	104
87033290	Used	103
87021019	Used	97
87042191	New	76
87083990	Mounted brake linings:	72
Session 18, HS8	Optic, photographic, cinematographic, measuring, .	
90272000	Chromatographs and electrophoresis instruments:	526
90183210	Tubular metal needles	265
90101000	Apparatus and equipment for automatically developing photographic (including cinematographic) film or paper in rolls or for automatically exposing developed film to rolls of photographic paper	140
90200090	Other breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters:	96
90304090	Other instruments and apparatus:	76
90071900	Other	61
90221200	Computed tomography apparatus	36
90151090	Electronic	10
90328990	Other	8
90158011	Meteorological, hydrological and geophysical instruments and apparatus	7
Session 19, HS8	Weapons and munitions and their equipment	
93063030	For military weapons	498
93020090	Other	107
93019000	Other	23
93011100	Self-propelled	3
Session 20, HS8	Different manufactured products	
95039032	Not mechanically operated	3,721
94035000	Wooden furniture of a kind used in the bedroom	2,248
94019030	Of wood	1,565
94039030	Of wood	921
94037090	Other	817
94036090	Other wooden furniture	668
94018000	Other seats	578
94016900	Other seats, with metal frames:	519
96142080	Pipes and pipe bowls:	408
96034010	Paint, distemper, varnish or similar brushes	390
Session 21, HS8	Works of art, collection and antics pieces	
97030000	Original sculptures and statuary, in any material	15
97020000	Original engravings, prints and lithographs	12
97019000	Other	11
97011000	Paintings, drawings and pastels	10
97040000	Postage or revenue stamps, stamp-postmarks, first- day covers, postal stationery (stamped paper), and the like, used, or if unused not of current or new issue in the country to which they are destined	0

## Annex 2: Most traded goods with EU-15

Top 20 imported goods of Albania from EU-15, '000 USD

HS Code	Description	Imported Value in 2005	Share to total imports from EU-15 in 2005	% change towards 2004
25232900	Other/Portland Cement	45,619	2.8%	39.4%
27101945	Gas Oil / For other purposes / With a sulphur content exceeding 0,05% by weight but not exceeding 0,2% by weight	31,450	2.0%	9.0%
24022090	Cigarettes	25,816	1.6%	21.8%
87033290	Used vehicles of a cylinder capacity exceeding 1 500 cm3 but not exceeding 2500 cm3	23,542	1.5%	-44.3%
27101145	Petroleum light oil for motor spirit not exceeding 0.013 gr per liter with an octane number of 95 or more but less than 98	21,969	1.4%	65.1%
41120000	Leather further prepared after tanning or crusting, including parchment-dressed leather, of sheep or lamb, without wool on, whether or not split, other than leather of heading 4114	17,338	1.1%	19.2%
69081090	Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm	17,079	1.1%	11.4%
83016000	Parts of padlocks and locks of base metal...	15,715	1.0%	29.9%
30049019	Medicaments put up in forms or in packings of a kind sold by retail	14,469	0.9%	-29.7%
41071990	Upper leather; lining leather of bovines, and of a unit surface area not exceeding 28 square feet (2.6 m <sup>2</sup> )	14,446	0.9%	101.3%
69089091	Stoneware tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm	14,049	0.9%	104.1%
84742090	Crushing or grinding machines for earth, stone, ores or other mineral substances, in solid (including powder or paste) form	13,627	0.9%	517.2%
62034235	Industrial/occupational men's cotton trousers and breeches	13,193	0.8%	-9.6%
64061090	Parts of footwear (including uppers whether or not attached to soles other than outer soles); removable in-soles, heel cushions and similar articles; gaiters, leggings and similar articles, and parts thereof	12,600	0.8%	-43.3%
62052000	Cotton men's and boys' shirts	12,364	0.8%	10.7%
83089000	Parts of clasps, frames with clasps, buckles, buckle-clasps, hooks, eyes, eyelets and the like, of base metal, of a kind used for clothing, footwear, awnings, handbags, travel goods or other made up articles, tubular or bifurcated rivets, of base metal; beads and	12,253	0.8%	27.6%
61091000	Cotton t-shirts, knitted or crocheted	12,062	0.8%	-7.2%
64061011	Leather uppers as part of footwear	10,943	0.7%	-6.4%
72142000	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling	10,534	0.7%	22.3%
64035195	Other footwear with outer soles of leather covering the ankle with in-soles of a length of 24 cm or more for men	10,505	0.7%	130.8%
TOTAL of 20 top imported goods from EU-15 in 2005		349,573	22%	

## Top 20 exported goods from Albania to EU-15, '000 USD

HS Code	Description	Exported Value in 2005	Share to total exports to EU-15 in 2005	% change towards 2004
64061090	Parts of footwear (including uppers whether or not attached to soles other than outer soles); removable in-soles, heel cushions and similar articles; gaiters, leggings and similar articles, and parts thereof	88,275.14	15.2%	42.0%
62034235	Industrial/occupational men's cotton trousers and breeches	35,356.74	6.1%	-0.2%
72024110	Ferro-chromium containing by weight more than 4 % but not more than 6 % of carbon	26,835.93	4.6%	64.1%
62052000	Cotton men's and boys' shirts	25,805.67	4.4%	-54.5%
64061011	Leather uppers as part of footwear	25,797.02	4.4%	22.1%
83014011	Cylinder locks of a kind used for doors of buildings	17,371.87	3.0%	105.5%
61091000	Cotton t-shirts, knitted or crocheted	16,591.43	2.9%	2.7%
16041600	Anchovies	16,111.58	2.8%	0.2%
64051000	Footwear with outer soles with uppers of leather or composition leather	14,514.99	2.5%	
61061000	Cotton women's or girls' blouses, shirts and shirt- blouses, knitted or crocheted	13,065.42	2.3%	47.2%
64035195	Other footwear with outer soles of leather covering the ankle with in-soles of a length of 24 cm or more for men	12,953.19	2.2%	114.0%
62034231	Denim trousers and breeches for industrial and occupational purposes	12,125.97	2.1%	-21.6%
27090090	Petroleum oils and oils obtained from bituminous minerals, crude	9,891.74	1.7%	
64061019	Parts of footwear (including uppers whether or not attached to soles other than outer soles); removable in-soles, heel cushions and similar articles; gaiters, leggings and similar articles, and parts thereof	9,667.01	1.7%	-7.4%
64035995	Slippers and other indoor footwear with in-soles of a length of 24 cm or more for men	9,338.11	1.6%	361.2%
61082100	Cotton briefs and panties for women and girls	9,088.23	1.6%	-10.2%
64035911	Footwear with a vamp made of straps or which has one or several pieces cut out with sole and heel combined having a height of more than 3 cm	8,110.25	1.4%	-11.6%
61071100	Cotton underpants and briefs for men and boys	7,661.37	1.3%	14.3%
62069090	Women's or girls' blouses, shirts and shirt- blouses of textile material	6,386.84	1.1%	-20.5%
48194000	Paper/cartoon sacks and bags, including cones		1.0%	50.8%
	<b>TOTAL of 20 top exported goods to EU-15 in 2005</b>	<b>370,531.46</b>	<b>63.9%</b>	

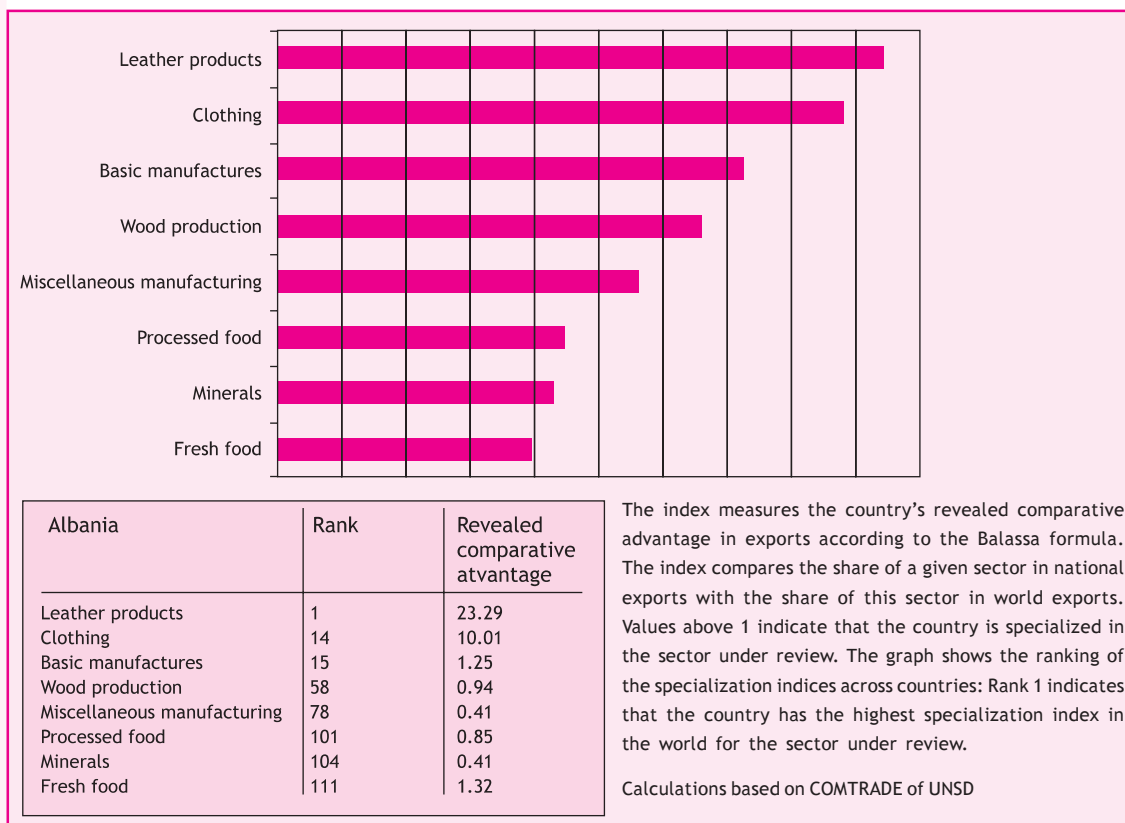
## Annex 3: Regional agricultural quotas filled by beneficiary countries

Products under quota with EU	Quota volume per year	Countries benefiting from quota	EU import quantities from the beneficiary countries 2004 (as reported by EUROSTAT)					Quota filled in 2004 by the beneficiary countries			EU import quantities from the beneficiary countries 2005 (as reported by EUROSTAT)					Quota filled in 2005 by the beneficiary countries				
			Croatia	B & H	Albania	Macedonia	Slovenia	All the region	Albania	Croatia	B & H	Albania	Macedonia	Kosova (1/6/05)	Slovenia	All the region	Albania			
Trout: live fresh or chilled; frozen; dried, salted or in brine, smoked; fillets and other fish meat; flours, meals and pellets, fit for human consumption																				
	100,000 kg	Albania, Bosnia and Herzegovina, Croatia	0	0	0	0	0	0.00	0.00	0.00							14%	1%		
03019110			0	0	0	0	0													
03019190			0	0	0	0	0													
03021110			0	0	0	0	0													
03021190			0	0	0	0	0													
03032110			0	0	0	0	0													
03032190			0	0	0	0	0													
03041011			0	0	0	0	0													
03041019			0	0	0	0	0													
03041091			0	0	0	0	0													
03042011			0	0	0	0	0													
03042019			0	0	0	0	0													
03049010			0	0	0	0	0													
030510			0	0	0	0	0													
03053090			0	0	0	0	0							12,800						
03054945			0	0	0	0	0													
03055990	0	0	0	0	0															
03056990	0	0	0	0	0															
Carp: live; fresh or chilled; frozen; dried, salted or in brine, smoked; fillets and other fish meat; flours, meals and pellets, fit for human consumption																				
	300,000 kg	Albania, Bosnia and Herzegovina, Croatia	5,100	0	0	0	0	4%	0%	0%	16,000						14%	0.2%		
030193			0	0	0	0	0													
03026911			0	0	0	0	0													
03037911			0	0	0	0	0													
03041019			0	0	0	0	0													
03041091			0	0	0	0	0													
03042019			0	0	0	0	0													
03049010			0	0	0	0	0													
030510			0	0	0	0	0													
03053090			0	0	0	0	0													
03054980			7,000	0	0	0	0							12,800						
03055990			0	0	0	0	0							13,500						
03056990			0	0	0	0	0													

Products under quota with EU	Quota volume per year	Countries benefiting from quota	EU import quantities from the beneficiary countries 2004 (as reported by EUROSTAT)					Quota filled in 2004 by the beneficiary countries			EU import quantities from the beneficiary countries 2005 (as reported by EUROSTAT)					Quota filled in 2005 by the beneficiary countries			
			Croatia	B & H	Albania	Macedonia	Slovenia	All the region	Albania	Croatia	B & H	Albania	Macedonia	Kosova (1/6/05)	Slovenia	All the region	Albania		
Sea bream: live; fresh or chilled; frozen; dried, salted or in brine, smoked; fillets and other fish meat; flours, meals and pellets, fit for human consumption																			
03019990		Albania, Bosnia and Herzegovina, Croatia	0	0	0	0	0	15.3%	0.2%										
03026961	8,100		0	200	0	0				7,200									
03037971	0		0	0	0	0				100									
0303041038	0		0	0	0	0													
03041098	0		0	0	0	0													
0303042095	0		0	0	0	0													
03049097	0		0	0	0	0													
030510	0		0	0	0	0													
03053090	0		0	0	0	0													
03054980	7,000		0	0	0	0													
03055990	0		0	0	0	0													
03056990	0		0	0	0	0													
Sea bass: live; fresh or chilled; frozen; dried, salted or in brine, smoked; fillets and other fish meat; flours, meals and pellets, fit for human consumption																			
03019990		Albania, Bosnia and Herzegovina, Croatia	0	0	0	0	0	115%	0%										
03026994	681,300		0	0	0	0				800,000									
030377	0		0	0	0	0													
0303041038	0		0	0	0	0				100									
03041098	0		0	0	0	0													
0303042095	0		0	0	0	0													
03049097	0		0	0	0	0													
030510	0		0	0	0	0													
03053090	0		0	0	0	0													
03054980	7,000		0	0	0	0													
03055990	0		0	0	0	0													
03056990	0		0	0	0	0													
Prepared or preserved sardines																			
16041311		Albania, Bosnia and Herzegovina, Croatia	5,800	0	0	0	0	28%	0%		4,600								
16041319	250,000 kg		63,500	0	0	0	0				21,900								
16042050			0	0	0	0	0												
Prepared or preserved anchovies																			
160416		Albania, Bosnia and Herzegovina, Croatia	300	0	1,984,800	0	0	205%	205%		26,300		2,118,900						
16042040	1,000,000 kg		0	0	68,300	0	0				70,500								
Wine of fresh grapes, of an actual alcoholic strength by volume nt exceeding 15%vol, other than sparkling wine																			
22042179		Albania, Bosnia and Herzegovina, Croatia, Former Yugoslav Republic of Mkeedonia, Kosovo, Slovenia	398,662	165,695	75,734	157,405	7%	0.001%	0.002%		238,344	156,160		78,187		60,226			
22042180			915,445	90,921	4,981	63,640					783,528	76,844		266,065		13,335			
22042183			21,424		1,809	21,200					3,541			2,122		491			
22042184			111,643		1,826	162					23,871			200		1,823			
22042965			308,922		151,326	256,799					168,261			104,275		149,488		125,172	
22042975			22,884		36,373,722	9,000					18,973		9,500	33,153,785		1,531,875		85,400	
22042983																			
22042984						270					14,800								

## Annex 4: ITC Index of Specialization for Albania

### Specialization Index of Albania



Source: ITC 2004



**Annex 5: Active Processing Trade, top 20 products.**

HS6	Description	Active processing exports (000 US\$)
640610	Uppers and parts thereof, other than stiffeners	121,176
620342	Mens/boys trousers and shorts, of cotton, not knitted	49,701
620520	Mens/boys shirts, of cotton, not knitted	25,788
640359	Footwear, outer soles and uppers of leather, nes	17,517
830140	Locks of base metal, nes	17,404
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	16,081
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes	15,227
640510	Footwear with uppers of leather or composition leather, nes	14,988
610610	Womens/girls blouses and shirts, of cotton, knitted	13,043
610910	T-shirts, singlets and other vests, of cotton, knitted	11,865
610821	Womens/girls briefs and panties, of cotton, knitted	9,066
610711	Mens/boys underpants and briefs, of cotton, knitted	7,209
620690	Womens/girls blouses and shirts, of other textile materials, not knitted	6,755
481940	Sacks and bags, of paper, nes; including cones	5,580
621710	Clothing accessories nes, of textile materials, not knitted	5,547
621142	Womens/girls garments nes, of cotton, not knitted	4,247
950390	Toys nes	3,721
620329	Mens/boys ensembles, of other textile materials, not knitted	3,531
640590	Footwear, nes	3,392
850300	Parts of electric motors, generators, generator sets & rotary converters	3,104

## Annex 6: Trade with selected countries:

(Ranked by volume of trade for each section)

Trade with Italy in 2005 (000 US\$)			Trade with Greece in 2005 (000 US\$)		
Description	Imports	Exports	Description	Imports	Exports
Textile and its products	139,071	144,848	Mineral products	105,013	1,313
Footwear and hats, umbrellas and parasols, walking	51,491	180,767	Textile and its products	42,069	40,867
Mechanic, electric machinery and equipment ...	147,617	15,004	Prepared food; drinks, alcoholic beverages and vin	55,898	6,707
Main metals and their products	76,115	67,136	Main metals and their products	56,631	5,747
Unprocessed and processed leather, coats and their	52,594	9,401	Mechanic, electric machinery and equipment ...	45,048	1,823
Mineral products	42,518	10,614	Vegetable products	30,292	1,243
Vehicles	52,374	565	Plastic and its products; tire and its products	23,160	1,261
Prepared food; drinks, alcoholic beverages and vin	33,767	15,982	Chemical industrial products or alloys	22,020	299
Chemical industrial products or alloys	40,015	566	Stone, gypsum, cement products...	17,197	1,262
Different manufactured products	24,387	9,496	Wood and its products; charcoal; cork and its prod	16,217	1,460
Vegetable products	26,817	2,665	Wood or other fiber, cellulose, paper or cartoon m	11,003	3,954
Plastic and its products; tire and its products	23,033	2,161	Different manufactured products	8,306	1,570
Wood or other fiber, cellulose, paper or cartoon m	17,427	5,659	Live animals: animal origin products	6,411	676
Stone, gypsum, cement products...	20,045	1,307	Vehicles	5,041	194
Wood and its products; charcoal; cork and its prod	10,098	7,945	Animal grease and oils or vegetal and its products	4,445	0
Live animals: animal origin products	15,589	1,613	Optic, photographic, cinematographic, measuring, .	3,708	87
Optic, photographic, cinematographic, measuring, .	8,601	316	Unprocessed and processed leather, coats and their	407	380
Animal grease and oils or vegetal and its products	5,706	0	Footwear and hats, umbrellas and parasols, walking	231	332
Natural or cultivated pearls, jewelry...	748	1,067	Weapons and munitions and their equipment	287	0
Weapons and munitions and their equipment	471	3	Natural or cultivated pearls, jewelry...	27	0
Works of art, collection and antics pieces	41	6	Works of art, collection and antics pieces	1	0

Trade with Turkey in 2005 (000 US\$)			Trade with China in 2005 (000 US\$)		
Description	Imports	Exports	Description	Imports	Exports
Main metals and their products	51,125	5,625	Mechanic, electric machinery and equipment ...	52,008	0
Textile and its products	29,534	0	Textile and its products	17,845	-
Mineral products	23,459	2,940	Footwear and hats, umbrellas and parasols, walking	15,773	-
Prepared food; drinks, alcoholic beverages and vin	22,544	-	Different manufactured products	13,490	-
Mechanic, electric machinery and equipment ...	18,799	67	Main metals and their products	12,362	343
Chemical industrial products or alloys	10,528	-	Stone, gypsum, cement products...	10,354	-
Vegetable products	8,694	1,247	Plastic and its products; tire and its products	6,892	-
Plastic and its products; tire and its products	7,276	-	Optic, photographic, cinematographic, measuring, .	6,374	-
Stone, gypsum, cement products...	6,395	2	Vehicles	5,061	-
Different manufactured products	4,582	1	Chemical industrial products or alloys	4,004	1
Vehicles	2,781	1	Mineral products	129	2,865
Footwear and hats, umbrellas and parasols, walking	2,427	-	Unprocessed and processed leather, coats and their	1,625	0
Unprocessed and processed leather, coats and their	582	1,482	Vegetable products	862	-
Wood or other fiber, cellulose, paper or cartoon m	1,880	-	Wood and its products; charcoal; cork and its prod	807	-
Optic, photographic, cinematographic, measuring, .	1,086	-	Wood or other fiber, cellulose, paper or cartoon m	731	-
Wood and its products; charcoal; cork and its prod	872	21	Prepared food; drinks, alcoholic beverages and vin	402	-
Animal grease and oils or vegetal and its products	481	-	Live animals: animal origin products	207	-
Live animals: animal origin products	449	-	Natural or cultivated pearls, jewelry...	152	-
Natural or cultivated pearls, jewelry...	166	-	Animal grease and oils or vegetal and its products	120	-
Weapons and munitions and their equipment	132	-	Works of art, collection and antics pieces	2	-

Trade with Germany in 2005 (000 US\$)			Trade with USA in 2005 (000 US\$)		
Description	Imports	Exports	Description	Imports	Exports
Vehicles	58,823.70	192.9	Mechanic, electric machinery and equipment ...	7,846	516
Mechanic, electric machinery and equipment ...	26,541.10	815.2	Live animals: animal origin products	7,394	-
Textile and its products	6,963.40	13,168.00	Main metals and their products	3,184	1,688
Chemical industrial products or alloys	11,542.90	243.5	Vegetable products	353	3,631
Vegetable products	517.3	5,493.00	Vehicles	1,312	18
Optic, photographic, cinematographic, measuring, .	5,058.40	99.3	Optic, photographic, cinematographic, measuring, .	746	527
Prepared food; drinks, alcoholic beverages and vin	3,187.30	508.9	Chemical industrial products or alloys	1,012	-
Live animals: animal origin products	3,479.20	-	Animal grease and oils or vegetal and its products	504	-
Main metals and their products	2,081.60	668.3	Textile and its products	404	80
Plastic and its products; tire and its products	2,682.70	0.8	Mineral products	132	-
Mineral products	2,344.60	15.4	Wood and its products; charcoal; cork and its prod	100	10
Different manufactured products	1,835.70	229.5	Stone, gypsum, cement products...	58	16
Wood and its products; charcoal; cork and its prod	897.6	338.6	Plastic and its products; tire and its products	65	-
Wood or other fiber, cellulose, paper or cartoon m	896	0.5	Unprocessed and processed leather, coats and their	34	27
Stone, gypsum, cement products...	425	12.4	Different manufactured products	27	32
Weapons and munitions and their equipment	0.1	130	Prepared food; drinks, alcoholic beverages and vin	18	41
Footwear and hats, umbrellas and parasols, walking	35.9	-	Wood or other fiber, cellulose, paper or cartoon m	36	1
Unprocessed and processed leather, coats and their	16.3	4.5	Weapons and munitions and their equipment	24	-
Works of art, collection and antics pieces	2	-	Works of art, collection and antics pieces	2	-
Natural or cultivated pearls, jewelry...	1.2	-	Footwear and hats, umbrellas and parasols, walking	2	-
Animal grease and oils or vegetal and its products	0.3	-			

## Annex 7: Most traded goods with SEE countries

## Top imported products from Bosnia-Herzegovina

Rank	HS Code*	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total imports from Bosnia-Herzegovina in 2005	Imports during previous years in 000 US\$			
						04	03	02	01
1	440710	Coniferous	Reduced Scale formula	1,733	52.4%	168	113.5	0	0
2	730840	Equipment for scaffolding, shuttering, propping or pit-propping	Reduced Scale formula	478	14.5%	205.4	305.6	181	0
3	340220	Preparations put up for retail sale	Reduced Scale formula	127	3.8%	97.6	0	0	0
4	151219	Other safflower oil	MFN treatment	127	3.8%	43	0	0	0
5	300410	Containing penicillins or derivatives thereof, with a penicillanic acid structure, or streptomycins or their derivatives	Reduced Scale formula	101	3%	0	0	0	0
6	660199	Umbrellas with a cover of woven textile materials	Reduced Scale formula	76	2.3%	0	0	0	0
7	283620	Sodium carbonate	Reduced Scale formula	57	1.7%	0	0	0	0
8	100590	Other Hybrids	MFN treatment	55	1.7%	0	0	0	0
9	870590	Other for lorries	Reduced Scale formula	39	1.2%	0	0	0	0
10	441840	Shuttering for concrete constructional work	Reduced Scale formula	35	1.1%	0	0	0	0
<b>Total</b>				<b>2,826</b>	<b>85.5%</b>				

## Top exported products to Bosnia-Herzegovina

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total exports to Bosnia-Herzegovina in 2005	Exports during previous years in 000 US\$			
						04	03	02	01
1	410120	Whole hides and skins of bovine animals, of a weight per skin not exceeding 8kg when simply dried, 10 kg when dry-salted, or 14 kg when fresh, wet-salted or otherwise preserved	Reduced Scale formula	817	75.6%	0	0	0	0
2	410190	Other, including butts, bends and bellies	Reduced Scale formula	177	16.3%	0	0	0	0
3	180610	Cocoa powder, containing added sugar or other sweetening matter	0 custom duty	29	2.7%	0	0	0	0
4	940169	Other seats, with metal frames	Reduced Scale formula	26	2.4%	0	0	0	0
5	080711	Watermelons	MFN treatment	17	1.6%	3.8	5.7	2.8	7.2
6	271320	Petroleum bitumen	Reduced Scale formula	12	1.1%	0	0	0	0
<b>Total</b>				<b>1,081</b>	<b>100%</b>				

## Top Imports from Bulgaria

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total imports from Bulgaria in 2005	Imports during previous years in 000 US\$			
						04	03	02	01 00
1	010290	Other live bovine animals: domestic species	MFN treatment	6,484	8%	617.9	261.8	30.8	0 0
2	854459	Other of insulated (including enamelled or anodised)	Reduced Scale formula	5,006	6.2%	3,218	177	29	0 0
3	854460	Other electric conductors, for a voltage exceeding 1000 volts	Reduced Scale formula	4,927	6.1%	4,020	1,095	528	240
4	271019	For undergoing chemical transformation by a process other than those specified in respect of subheading 2710 00 41	Reduced Scale formula	4,791	5.9%	0	0	0	0 0
5	850423	Having a power handling capacity exceeding 10 000 kVA	0 custom duty	4,655	5.8%	0	0	0	0 0
6	151219	Other safflower oil	MFN treatment	4,434	5.5%	1,668	592.5	1,055	1,961 2,388
7	392330	Carboys, bottles, flasks and similar articles	0 custom duty	3,037	3.8%	1,605	1,046	650	355 61.6
8	100190	Other spelt, common wheat and meslin	MFN treatment	2,401	3%	1,407	354.4	1,955	3,440 5,019
9	100110	Durum wheat	MFN treatment	2,024	2.5%	485	0	0	0 6
10	271600	Electrical energy	0 custom duty	1,883	2.3%	0	0	0	0 0
		<b>Total</b>		<b>39,643</b>	<b>49%</b>				

## Top exports to Bulgaria

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total exports in Bulgaria in 2005	Exports during previous years in 000 US\$			
						04	03	02	01 00
1	740400	Copper waste and scrap	0 custom duty	3,106	86.7%	906	45	0	0 0
2	090121	Coffee, roasted decaffeinated	MFN treatment	56	1.6%	55.4	17.8	4.7	20.7 0
3	121190	Other of Plants and parts of plants	MFN treatment	55	1.5%	12	0	7	2 0
4	830220	Castors	0 custom duty	51	1.4%	0	0	0	0 0
5	391510	Of polymers of ethylene	0 custom duty	37	1%	0	0	0	0 0
6	950430	Other games, coin- or disc-operated, other than bowling alley equipment:	0 custom duty	32	0.9%	0	0	0	0 0
7	281123	Sulphur dioxide	Reduced Scale formula	30	0.8%	0	0	0	0 0
8	392330	Carboys, bottles, flasks and similar articles	Reduced Scale formula	27	0.8%	5.5	0.3	0	0 0
9	470720	Other paper or paperboard made mainly of bleached chemical pulp, not coloured in the mass	0 custom duty	25	0.7%	0	0	0	0 0
10	720241	Containing by weight more than 4 % of carbon	0 custom duty	16	0.5%	0	0	0	0 0
		<b>Total</b>		<b>3,436</b>	<b>96%</b>				

## Top imports from Croatia

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total imports from Croatia in 2005	Imports during previous years in 000 US\$			
						04	03	02	01
1	850431	Having a power handling capacity not exceeding 1kVA:	0 custom duty	5,687	21.6%	0	31	0	0
2	252329	Other of portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements	0 custom duty	2,635	10.0%	3,409	3,193	5,338	4,076
3	271113	Butanes	Reduced Scale formula	2,525	9.6%	0	0	0	0
4	271111	Natural gas	Reduced Scale formula	2,416	9.2%	0	0	0	0
5	701090	Other of carboys, bottles, flasks, jars, pots, phials, ampoules and other containers, of glass	0 custom duty	1,468	5.6%	0	0	0	0
6	271112	Propane	Reduced Scale formula	759	2.9%	0	0	0	0
7	480100	Newsprint, in rolls or sheets	0 custom duty	687	2.6%	406	47	1.2	11
8	100620	Husked (brown) rice		680	2.6%	0	0	0	0
9	390110	Polyethylene having a specific gravity of less than 0,94	0 custom duty	555	2.1%	262.4	445.6	85.7	0
10	220300	Beer made from malt	MFN treatment	489	1.9%	226	2,007	0	0
		<b>Total</b>		<b>17,901</b>	<b>68.1%</b>				

## Top Exports to Croatia

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total exports to Croatia in 2005	Exports during previous years in 000 US\$			
						04	03	02	01
1	121190	Other of plants and parts of plants	MFN treatment	101	56.2%	104	65	41	3.5
2	940350	Wooden furniture of a kind used in the bedroom	Reduced Scale formula	38	21.4%	0	0	0	0
3	180610	Cocoa powder, containing added sugar or other sweetening matter	MFN treatment	12	6.7%	0	0	0	0
4	843143	Parts for boring or sinking machinery of subheading No 8430 41 or 8430 49	0 custom duty	9	4.9%	0	0	0	0
5	840810	Marine propulsion engines	0 custom duty	5	2.8%	0	0	0	0
6	220820	Spirits obtained by distilling grape wine or grape marc	MFN treatment	5	2.6%	0	11.2	0	0
7	130219	Others of vegetable saps and extracts	MFN treatment	2	1.3%	0	0	0	0
8	730840	Equipment for scaffolding, shuttering, propping or pit-propping	0 custom duty	2	1.0%	0	0	0	0
9	848410	Gaskets and similar joints of metal sheeting combined with other material or of two or more layers of metal	0 custom duty	2	1.0%	0	0	0	0
10	847330	Parts and accessories of the machines of heading No 8471	0 custom duty	1	0.7%	0	0	0	0
		<b>Total</b>		<b>177</b>	<b>98.5%</b>				

## Top imports from Romania

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total imports from Romania in 2005	Imports during previous years in 000 US\$				
						04	03	02	01	00
1	271019	Medium oils for undergoing a specific process	Reduced Scale formula	5,021	24.1%	0	0	0	0	0
2	271600	Electrical energy	0 custom duty	4,022	19.3%	0	0	0	0	0
3	340220	Preparations put up for retail sale	Reduced Scale formula	2,337	11.2%	1,970	553	91.6	47.2	0
4	271011	Light oils for undergoing a specific process	Reduced Scale formula	1,446	6.9%	0	0	0	0	0
5	151211	Crude oil	MFN treatment	1,289	6.2%	0	0	0	0	400
6	691010	Of porcelain or china	0 custom duty	945	4.5%	0	0	0	0	0
7	100590	Other hybrids	MFN treatment	932	4.5%	213.3	0	0	0	0
8	330510	Shampoos	Reduced Scale formula	932	4.5%	661.5	277	36.4	41.4	0
9	560110	Sanitary towels and tampons, napkins and napkin liners for babies and similar articles, of wadding	0 custom duty	682	3.3%	251	64.7	146	68.7	0
10	100190	Other of wheat and meslin	MFN treatment	509	2.4%	0	0	0	988	0
<b>Total</b>				<b>18,115</b>	<b>86.9%</b>					

## Top exports to Romania

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total exports to Romania in 2005	Exports during previous years in 000 US\$				
						04	03	02	01	00
1	720241	Containing by weight more than 4 % of carbon	0 custom duty	762	48.0%	74.5	0	0	0	0
2	760410	Of aluminium, not alloyed	0 custom duty	599	37.7%	0	0	0	0	0
3	760421	Hollow profiles	0 custom duty	52	3.3%	0	0	0	0	0
4	250810	Bentonite	0 custom duty	40	2.5%	0	0	0	0	0
5	940350	Wooden furniture of a kind used in the bedroom	0 custom duty	35	2.2%	16	0	0	0	0
6	251110	Natural barium sulphate (barytes)	0 custom duty	26	1.7%	0	0	0	0	0
7	392350	Stoppers, lids, caps and other closure	Reduced Scale formula	13	0.8%	0	0	0	0	0
8	630900	Worn clothing and other worn articles	0 custom duty	12	0.7%	16.4	2	0	0	0
9	121190	Other of plants and parts of plants	MFN treatment	11	0.7%	0	0	0	0	0
10	382490	Other of prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries	0 custom duty	11	0.7%	0	0	0	0	0
<b>Total</b>				<b>1,561</b>	<b>98.4%</b>					



## Top imports from Serbia and Montenegro

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total imports from S&M in 2005	Imports during previous years in 000 US\$				
						04	03	02	01	00
1	440710	Of unbleached kraft, paper or paperboard or of corrugated paper or paperboard	Reduced Scale formula	3,184	14.4%	2,691	996	1	0	13.5
2	170199	Other of cane or beet sugar and chemically pure sucrose, in solid form	MFN treatment	1,475	6.7%	798	0	0	0	0
3	080810	Apples	MFN treatment	1,417	6.4%	103	11.3	3	5.2	5.5
4	100590	Other of hybrids	MFN treatment	1,129	5.1%	621	160	479	2.7	106
5	721420	Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling	Reduced Scale formula	883	4.0%	0	0	0	0	6.4
6	151211	Crude oil	MFN treatment	547	2.5%	0	0	501	245	20.6
7	080410	Dates	0 custom duty	541	2.4%	0	0	0	0	0
8	220300	Beer made from malt	MFN treatment	511	2.3%	403.7	374.7	370	245	1.9
9	100510	Seed	MFN treatment	505	2.3%	1,263	714.6	277	7	82.4
10	110100	Wheat or meslin flour	MFN treatment	439	2.0%	208	54.5	539	568	628
Total				10,632	48.0%					

## Top exports to Serbia and Montenegro

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total exports from S&M in 2005	Exports during previous years in 000 US\$				
						04	03	02	01	00
1	271320	Petroleum bitumen	0 custom duty	3,218	58.6%	0	0	0	0	0
2	940350	Wooden furniture of a kind used in the bedroom	0 custom duty	394	7.2%	334.3	120.8	53	11.5	43
3	090121	Coffee, roasted	MFN treatment	318	5.8%	120	39.8	340	83	48
4	760410	Of aluminium, not alloyed	0 custom duty	223	4.1%	127	91.2	51.2	92	5.2
5	410120	Whole hides and skins of bovine animals, of a weight per skin not exceeding 8kg when simply dried, 10 kg when drygalted, or 14 kg when fresh, wetsalted or otherwise preserved	0 custom duty	196	3.6%	0	0	0	0	0
6	030269	Freshwater fish	MFN treatment	173	3.1%	183	141	9.6	7	4.2
7	940429	Mattress supports; articles of bedding and similar furnishing of other materials	0 custom duty	95	1.7%	27.8	11.5	217	32	207
8	760429	Other of aluminium bars, rods and profiles	0 custom duty	89	1.6%	33.5	18.7	42.2	45	6.3
9	740610	Powders of non-lamellar structure	0 custom duty	42	0.8%	0	0	0	0	0
10	121190	Other of plants and parts of plants	MFN treatment	42	0.8%	27.7	33.7	30	58	23
Total				4,789	87.2%					

## Top imports from Kosovo

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total imports from Kosovo in 2005	Imports during previous years in 000 US\$	
						04	03
1	720449	Other of ferrous waste and scrap; remelting scrap ingots of iron or steel	0 custom duty	3,714	33.2%	32.7	0
2	200980	Juice of any other single fruit or vegetable	0 custom duty	1,037	9.3%	461	124
3	760200	Turnings, shavings, chips, milling waste, sawdust and filings	0 custom duty	721	6.4%	309	435.6
4	730410	Line pipe of a kind used for oil or gas pipelines	0 custom duty	454	4.1%	190	43.3
5	870422	Of a gross vehicle weight exceeding 5 tonnes but not exceeding 20 tonnes	0 custom duty	337	3.0%	409	226.8
6	010290	Other live bovine animals: domestic species	MFN treatment	284	2.5%	0	0
7	730610	Line pipe of a kind used for oil or gas pipelines	0 custom duty	281	2.5%	175.5	24.5
8	071420	Sweet potatoes	0 custom duty	256	2.3%	309	10.3
9	070190	Other potatoes	0 custom duty	181	1.6%	274.5	12.8
10	870332	Of a cylinder capacity exceeding 1 500 cm <sup>3</sup> but not exceeding 2500 cm <sup>3</sup>	0 custom duty	150	1.3%	400	343
		<b>Total</b>		<b>7,415</b>	<b>66.3%</b>		

## Top exports to Kosovo

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total exports to Kosovo in 2005	Exports during previous years in 000 US\$	
						04	03
1	721420	Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling	0 custom duty	7,087	26%	9,310	0
2	220210	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	0 custom duty	5,843	22%	5,560	319.5
3	271320	Petroleum bitumen	0 custom duty	2,676	10%	0	0
4	847330	Parts and accessories of the machines of heading No 8471:	0 custom duty	1 619	6%	1,328	530.8
5	730900	For gases (other than compressed or liquefied gas)	Reduced Scale formula	988	4%	17.3	3.65
6	090121	Coffee, not roasted decaffeinated	MFN treatment	668	2%	456.5	255.6
7	940350	Wooden furniture of a kind used in the bedroom	Reduced Scale formula	637	2%	609.6	297.5
8	040700	Birds' eggs, in shell, fresh, preserved or cooked	0 custom duty	584	2%	526.7	580
9	080711	Watermelons	MFN treatment	519	2%	282	141.8
10	870332	Of a cylinder capacity exceeding 1 500 cm <sup>3</sup> but not exceeding 2500 cm <sup>3</sup>	0 custom duty	326	1%	43	25.7
		<b>Total</b>		<b>20,946</b>	<b>77%</b>		

## Top imports from Macedonia

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total imports from Macedonia in 2005	Imports during previous years in 000 US\$				
						04	03	02	01	00
1	080610	Fresh grapes	MFN treatment	2,540	6.4%	1,991	972	690	694	640
2	080810	Apples	MFN treatment	2,059	5.2%	2,305	1,139	950	1,129	560
3	210210	Active yeasts	0 custom duty	1,684	4.3%	1,772	1,613	674	456	547
4	730660	Other tubes, welded, of non-circular cross-section	0 custom duty	1,562	4.0%	116.5	0	0	4.7	0
5	300410	Containing penicillins or derivatives thereof, with a penicillanic acid structure, or streptomycins or their derivatives	0 custom duty	1,497	3.8%	1,800	725.4	138	162.4	51.2
6	300490	Medicaments, put up in forms or in packings of a kind sold by retail	0 custom duty	1,408	3.6%	922	1,027	745	283	74.7
7	690410	Building bricks	0 custom duty	1,192	3.0%	0	0	0	0	0
8	853720	For a voltage exceeding 1000 V:	0 custom duty	1,159	2.9%	10.8	0	0	0	0
9	391732	Other tubes, not reinforced or otherwise combined with other materials, without fittings	0 custom duty	1,117	2.8%	84.2	28.7	13	58	3.8
10	720449	Other ferrous waste and scrap; remelting scrap ingots of iron or steel	0 custom duty	1,039	2.6%	0	0	0	0	0
		Total		15,257	38.6%					

## Top exports to Macedonia

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total exports to Macedonia in 2005	Exports during previous years in 000 US\$				
						04	03	02	01	00
1	260111	Iron ores and concentrates, including roasted iron pyrites	0 custom duty	3,074	29.8%	0	0	0	0	0
2	854590	Other of carbon electrodes, carbon brushes, lamp carbons, battery carbons and other articles of graphite or other carbon, with or without metal, of a kind used for electrical purposes	0 custom duty	1,433	13.9%	2,487	0	0	0	0
3	252329	Other of portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers	Reduced Scale formula	867	8.4%	361	219	0	0	2.5
4	271490	Other of bitumen and asphalt, natural; bituminous or oil shale and tar sands; asphaltites and asphaltic rocks	0 custom duty	821	7.9%	0	0	0	0	0
5	121190	Other of plants and parts of plants	MFN treatment	530	5.1%	651	436.2	396	237.5	263
6	940350	Wooden furniture of a kind used in the bedroom	Reduced Scale formula	490	4.7%	358	169.3	4.9	6.9	7.6
7	721420	Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling	0 custom duty	379	3.7%	125.6	0	5	9.5	104
8	847431	Concrete or mortar mixers	0 custom duty	375	3.6%	0	0	0	13.7	7.7
9	940600	Prefabricated buildings	Reduced Scale formula	272	2.6%	10.4	0	0	0	0
10	261900	Slag, gross (other than granulated slag), scalings and other waste from the manufacture of iron or steel	0 custom duty	271	2.6%	55.2	0	0	0	0
		Total		8,512	82.4%					

## Top imports from Moldavia

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total imports from Moldavia in 2005	Imports during previous years in 000 US\$	
						04	03
1	040210	In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1,5 %	MFN treatment	726	82.8%	493	234.8
2	010290	Other of live bovine animals: domestic species	MFN treatment	50	5.7%	0	0
3	040900	Natural honey	MFN treatment	35	3.9%	16.7	0
4	040510	Butter	MFN treatment	32	3.7%	111.4	0
5	080231	Walnuts in shell	MFN treatment	19	2.2%	75	70.4
6	870190	Agricultural tractors (excluding pedestrian controlled tractors) and forestry tractors, wheeled	Reduced Scale formula	14	1.6%	0	0
7	843352	Other threshing machinery	Reduced Scale formula	1	0.1%	0	0
		<b>Total</b>		<b>877</b>	<b>100.0%</b>		

## Top exports to Moldavia

Rank	HS Code	Products Description	Status in Free Trade Agreement	Value in 000 US\$, 2005	Percentage to total exports to Moldavia in 2005	Exports during previous years in 000 US\$	
						04	03
1	080711	Watermelons	MFN treatment	4	100%	0	0
		<b>Total</b>		<b>4</b>	<b>100%</b>		